Daily Report

Latin America

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FBIS-LAT-92-164 *24 August 1992*

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Honduras

NOTIMEX reports that a southern Florida District Court ordered the Honduran Government to pay $1.5 million to a U.S. multinational company, American Pacific, "for annulling an auction sale of the Honduran Cement Company." President Callejas called the Miami court's action an "aberration against international law, an arrogant action by the U.S. judicial system." He added that U.S. justice "once again has exceeded its limits by establishing that the sovereignty of other countries is subject to U.S. judges' decisions." Callejas grouped this decision with the U.S. Supreme Court ruling which "authorized the kidnapping of presumed criminals who are abroad" so they may be tried in the United States.

El Salvador

San Salvador radio reports the Farabundo Marti National Liberation Front [FMLN] "will resume demobilizing their fighters on 21 September" as a result of government negotiations. San Salvador TV reports FMLN Commander Salvador Samayoa claimed the second 20 percent of FMLN forces will be demobilized next month "provided delays in compliance with the peace accords are overcome." The decision is "part of a reorganization of the timetable for points that have not received full compliance." Samayoa credited UN Under Secretary General Marrack Goulding's visit for the reorganization. The guerrillas will demobilize the third 20 percent of fighters on 30 September, the fourth 20 percent on 15 October, and dismantling will conclude when the fifth 20 percent is disarmed by 31 October.

Brazil

O ESTADO DE SAO PAULO reports the Congressional Investigating Committee's final report "will be released on 24 August at 0930, with live television coverage." The report "includes an exclusive chapter on the links between President Fernando Collor and PC [Paulo Cesar Farias]." The chapter on Collor "is mainly based on the testimony of driver Francisco Eriberto." Voting on the report is schedule for 26 August.

Venezuela

Caracas TV carries a speech by President Perez in which he addresses the "important decisions regarding Venezuela's future" which will be discussed in Congress. Perez states that economic openness, localized social programs, decentralization, privatization, and the expansion of democracy "are the goals that guide our actions." He says the implementation of the Congress' legislative program "cannot be delayed." The program proposes to "put public finances on a sound basis, to modernize the financial system, and to strengthen the Venezuelan Central Bank..." Along with the implementation of new taxes, Perez announces "a group of austerity measures" which will "guarantee...that the legislative measures that will be approved will be used to ensure Venezuelans that they will be compensated for the sacrifices we ask them to make today..." Included in the measures are: a freeze on government jobs; reorganization of the Agriculture and Livestock Ministry; the elimination of "an illegal and corrupt system of blank payrolls established at the Social Security Institute;" and the purchase of new weapons systems "is forbidden." "A high presidential commissioner" will be appointed to supervise the implementation of the program. Perez also states the Finance Ministry is to be reorganized in order to "ensure that the ministry is capable of improving the current tax collection system and managing the new revenues." Perez concludes by saying "there is no other, easier, or firmer way to achieve prosperity" and "we cannot commit the sin of leaving Venezuela in the Third World forever."

Mexico, Central America Outline Trade Accord

PA2108195692 Mexico City NOTIMEX in Spanish 1536 GMT 20 Aug 92

[Text] Managua, 20 Aug (NOTIMEX)—The framework agreement for a free trade program between Central America and Mexico signed here on 20 August includes the elimination of export subsidies and condemns dumping and all unfair trade practices.

According to the agreement signed by the Central American economy ministers with their Mexican colleague, in the event of dumping the affected country will apply measures based on the GATT.

The agreement was signed by Dr. Jaime Serra Puche, Mexican Commerce and Industrial Development secretary; and by the economy ministers of Costa Rica, Gonzalo Fajardo; El Salvador, Jose Arturo Zablah; Guatemala, Juan Luis Miron; Honduras, Ramon Medina; and Nicaragua, Julio Cardenas.

The spirit of the agreements is to strengthen economic and trade relations between member countries within the context of the Tuxtla Gutierrez Act signed in January 1991 in the Chiapas State capital by the Mexican and Central American presidents.

On that occasion, meeting for the first time at a Mexican-Central American summit, the presidents agreed to establish gradually a free trade area by 31 December 1996, at the latest.

Some of the agreement's intended highlights are to diversify and increase to the highest possible levels reciprocal trade among signatory countries and to improve the access of their products into world markets.

The text of the agreement includes the sustained increase of export offers by Central American member countries by making best use of comparative advantages.

The signatory countries agreed to encourage investments aimed at the intensive use of markets and the competitive capacity of the countries in world trade markets.

The six signatory countries leave open the possibility of creating regional bilateral and multilateral enterprises.

The framework agreement will be the reference point for future bilateral free trade deals trade between Mexico and Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua.

As signers of the General Treaty of Central American Economic Integration, the isthmus countries could not individually enter into trade agreements with other countries.

With the multilateral agreement, each Central American country will be able to negotiate bilateral trade liberalization with Mexico without violating the area's general integration treaty.

The framework agreement signed 20 August has safeguard clauses that may be applied by the countries to products imported under the agreement.

These clauses will be applied to imports when their amounts or conditions adversely affect national producers of similar products.

The safeguards consist of only tariff measures, which will be applied with clear and strict criteria, during a definite time period, and indiscriminately.

The safeguard measures will last for up to one year. It may be extended for a similar consecutive period after a joint examination by the countries.

The countries must also take necessary steps to ensure that technical, industrial, trade, cattle parasites [fitopecuarias] regulations, security, and public health measures do not become trade obstacles.

The signatory countries also agree to grant imports that originate from another signatory country a treatment no less favorable than what is applied to similar national products, as pertains to duties and other domestic taxes.

An administrative commission will be created to ensure the agreement's smooth functioning. This commission will be in charge of following up price policies and detecting those price policies that could cause significant trade distortions.

In addition, the commission will study export development mechanisms applied in signatory countries to detect distortions in the competition. The commission will supervise the application of the principles of the safeguard clauses and the procedures to resolve controversies.

Costa Rica, Guatemala, El Salvador, Honduras, Nicaragua, and Mexico will act in coordination at economic and international forums and in their relationship with industrialized countries to improve the access of their products to large international markets.

With a view to identifying trade obstacles between signatory countries, the administrative commission will analyze those rules that affect merchandise transportation, customs service operating hours, the consolidated service system, and others.

The Managua document also provides for development of financial cooperation, export offers from Central America, cooperation in primary sector investments, energy, and technical training and cooperation.

The economy ministers of Mexico and Central America underscored the need to achieve better balance in commercial relations between the countries, taking into consideration their relative levels of economic development.

The ministers promised to increase joint cooperation, due among other factors to their geopolitical reality, and to the deep regional identity derived from that geopolitical reality.

The multilateral framework agreement for trade liberalization responds to the need to accelerate and revitalize Latin American integration as a means to attain greater competitiveness and large international markets.

It is believed that after signing this framework agreement, bilateral free trade agreements will be established before the end of the year between Mexico, Costa Rica and Nicaragua, countries that are way ahead in these negotiations.

Ministers View Agreement

PA2208035092 Managua Sistema Nacional de Television Network in Spanish 2330 GMT 20 Aug 92

[Passages within quotation marks are recorded]

[Text] The Central American and Mexican economy ministers took an important step toward regional integration on 20 August. The signing of the multilateral framework agreement culminates the first phase of the economic liberalization program approved at the summit of Mexican and Central American presidents held in Tuxtla Gutierrez on 11 January 1991.

Nicaraguan Economy Minister Julio Cardenas said the objective of the agreement is to begin gradually to establish a free-trade zone, which will be ready by the end of 1996.

[Cardenas] "This is an opportunity for our countries to increase their exports and competitiveness, to facilitate investments in our countries, and to further unite our region."

More than 30 million people in Central America and more than 80 million people in Mexico will form a zone of great development for integration with world trade, Minister Cardenas said.

[Cardenas] "Therefore, (?this is) an initial step for the signing, which we hope will be concluded at the end of this year. With this we begin negotiations for the signing of the bilateral agreements that will establish effective trade between our countries at the beginning of 1993."

Jaime Serra Puche, Mexican secretary of commerce and industrial development, said the document they signed outlines the general rules for the continuation of bilateral negotiations between Mexico and the Central American countries.

[Serra Puche] "We have agreed that this process of removing tariffs will take us, after some years, to complete free trade in which there will be no tariffs or nontariff barriers among our countries. That will mean free access for our merchandise from one country to another. There will be a transition period during which the differences in our countries' development levels will be recognized."

The Central American economy ministers voiced their expectations for the framework agreement with Mexico.

[Unidentified reporter] "How is your country affected by the signing of this framework agreement?

[Honduran Economy Minister Ramon Medina] "The Central American concern is that any agreement must preserve our integration system. We are aware that the sign of the times is the globalization of the economy and that our countries must join the world economy.

[Costa Rican Economy Minister Gonzalo Fajardo] "We are talking about opportunities for investment, development, and employment. Therefore, we view with great optimism this new effort to form a much broader market that will help our communities.

[Guatemalan Economy Minister Juan Luis Miron] "The mere fact that we have signed this framework agreement creates expectations. It stimulates new investments to expand Central America's industries."

The agreement establishes new challenges.

[Nicaraguan Foreign Minister Ernesto Leal] "For Nicaraguans, this means we are gaining an advantage and taking action to benefit industrialists and agricultural development to promote the export of our products to Mexico, a market of 80 million people.

[Serra Puche] "I think it is a challenge for everyone to modernize and become more competitive."

Central points in the agreement are the rejection of disloyal trade practices and safeguard clauses. It also establishes that the technical norms for the acceptance of products will not become obstacles to trade. As of now, the greatest challenge for the Central American countries, including Nicaragua, will be to improve the quality of their products so they will be able to compete on the Mexican market, which is one of the biggest in the world.

Group of Three Discusses Free Trade Zone

PA2108160192 Mexico City Canal 13 Television Network in Spanish 1300 GMT 21 Aug 92

[Text] Mexico, Colombia, and Venezuela, which form the so-called Group of Three, on 20 August began to analyze the levels of trade openings that could be implemented to form a free trade zone. Here in the Mexican capital, negotiating teams from the three nations continued discussions at the technical level.

The meetings discussed the agricultural sector, trade integration, and drafting the free trade agreement. Progress is expected to be made on the following issues: rules of origin, safeguards, trade competition, solving disputes, transportation, and services.

The Group of Three was created in February 1989. A zero tariff rate is expected to be enforced by July 1994.

Caribbean Banana Lobby Opposes Latin Position

FL2108212792 Bridgetown CANA in English 1430 GMT 21 Aug 92

[Text] Roseau, Dominica, Aug 21, CANA—Caribbean banana-producing countries will continue their lobby in Europe to get a better fruit export deal, Dominica's prime minister, Dame Eugenia Charles, has said. The banana exporters will not be frightened by Latin American statements and efforts to pull the rug from under the regional banana industry, she said.

Dame Eugenia was reacting to a statement by ministers representing eight Latin American banana producing countries, opposing the European Commission's proposal to impose a quota system for imports next year. The Latins in a letter to British Foreign Minister Douglas Hurd complained that the proposal will upset the world banana trade and increase the price of fruit for European consumers.

But Dame Eugenia said such arguments disguise real profit-making intentions on the part of the Latin Americans. "We also are asking for changes in what the commission has suggested. We think the quota is too high. So we're diametrically opposed to the (position of the) Latin people, and we think that our economy depends much more on bananas than theirs," Dame Eugenia said.

"The persons who are affected by this...are the profit-making banana companies (of Latin America) - not the countries themselves. And we think that, therefore, our position must be considered because we are concerned with the livelihood of the people of a region."

The prime minister said the Windward Islands had no plan to call off their lobbying in Europe. "Last month there were some of us there lobbying. Next month there will be some of us up there lobbying too. We haven't stopped doing it," Dame Eugenia said.

Cuba

Russian Ministry Praises Departing Ambassador

FL2108190892 Havana Radio Rebelde Network in Spanish 1700 GMT 21 Aug 92

[Text] The Russian Foreign Ministry today praised the efforts of former Cuban Ambassador to the former Soviet Union Jose Ramon Balaguer, who traveled to Havana last night after completing his mission in Moscow. A Russian Foreign Ministry report printed by the international press agency ITAR-TASS said that Balaguer played an important role in the development of Russian-Cuban relations during the difficult period and in the reformation of these ties dictated by current circumstances.

The note emphasizes that the most difficult period of relations between Moscow and Havana has already passed and now it is necessary to concentrate efforts in the search for areas where objective conditions exist for the development of mutually advantageous cooperation. According to the Russian Foreign Ministry, this was evident in the meetings held with several Russian officials before the Cuban diplomat's departure.

These bilateral relations and their perspectives were analyzed during these constructive meetings of good will. Jose Ramon Balaguer, who was the ambassador to Moscow from March 1990 to the present, met this week with Russian Vice President Aleksandr Rutskoy; acting prime minister Yegor Gaydar; Foreign Minister Andrey Kozyrev; Defense Minister Pavel Garchev; and Public Health Minister Andrey Vorobyev.

'Beneficial' Trade Agreement Explored

PA2208163592 Havana Radio Havana Cuba in Spanish 0100 GMT 22 Aug 92

["Our America" commentary by Manolo Ortega]

[Text] To close the initial phase of a program agreed on in 1991 at a presidential summit in Tuxtla Gutierrez, Mexico, the governments of Mexico, Costa Rica, Nicaragua, Honduras, Guatemala, and El Salvador, have signed a free trade agreement to establish a 120-million-person common market. Although Panama was excluded from eventual agreements at the summit held in 1991, it has been reported that this country is currently studying the possibility of joining this recently established trading bloc.

As is the case with most free trade agreements signed by other Latin American countries, this new agreement between Mexico and Central America includes the elimination of tariffs, intensification of reciprocal trade, increase in supply of Central American export products, rejection of unfair trade practices, and general reinforcement of economic and trade relations in the area. The agreement establishes that in a four-year period, that is, until 1996, the countries must work as a team to ensure a free trade zone will be operational by that year. To do so, they must favor the establishment of bilateral or multilateral enterprises throughout the region.

As for the tariff elimination, the treaty signed by Mexico and five Central American countries puts special emphasis on the need to study the relative development of the economies of each country to prevent the collapse of its national products. Reports by international press agencies indicate Costa Rica and Nicaragua plan to sign bilateral agreements with Mexico in late November, while El Salvador, Nicaragua [as heard], and Honduras will do the same jointly in December.

Although it is true the free trade agreement Central American countries just signed with Mexico could be beneficial, especially for nations of the isthmus that are experiencing serious economic problems, some observers point out Mexico could be interested in sending to Central American countries products not included in its agreement with the United States and Canada.

Statistics revealed days before the signing of the free trade agreement point to significant differences among the countries, in fact, Mexico's 1990 gross national product was 17 times larger than that of its five neighboring countries.

Jaime Serra Puche, Mexican secretary of commerce and industrial development, denied claims his country seeks to take advantage of its trade with Central America. He added the agreement calls for rejection of unfair trade practices and this commitment will indeed be honored.

Despite objections, it is undeniable this new agreement, which follows those already signed by other Latin American countries, could open a new and advantageous opportunity for the nations involved, especially the poorest ones. As with other Latin American areas, however, we will also have to wait for the agreements that were recently signed to bear fruit.

Commentary Sites U.S. Support for 'Terrorists'

PA2208164592 Havana Radio Havana Cuba in Spanish 0000 GMT 22 Aug 92

[Commentary by Roberto Morejon]

[Text] The Everglades National Park, with its gigantic labyrinth of channels, lagoons, and overwhelming vegetation, is the best place for extremists of Cuban origin, settled in Miami and other parts of the United States, to be trained in terrorist tactics.

Since 1959, the CIA has used the Everglades swamps to train mercenary commandos for eventual armed raids in Cuba.

Terrorist Eduardo Diaz Betancourt, captured in 1991 with two accomplices while disembarking in western Matanzas Province, stated at the trial against him for infiltrating Cuba that the self-styled organizations Alpha

66 [Alfa 66], Brigade 2506 [Brigada 2506], and 19 April L (Liberty) Commando Units [Comando L] are still active in Florida.

The Western press corroborated those statements by reporting on the different groups that train every week in the Everglades. The U.S. State Department wants to make it appear, however, that it has no ties to armed infiltration operations against Cuba. Such facts contradict the tolerant or totally supportive U.S. attitude for this type of anti-Cuban activity.

Cuba recently denounced at the UN Security Council the continuing terrorist actions that are promoted, encouraged, or tolerated by Washington. On 4 July, the self-styled Comando L sent a ship with four armed crew members near Cuba. The ship broke down and they had to request help from the U.S. Coast Guard. A U.S. ship quickly responded to the call, entered Cuban waters without permission, rescued the terrorists, and took them and the disabled ship to the United States.

The mercenaries were set free. No court started a legal process against them for attempting to infiltrate another country that is not at war with the United States or for possessing large caliber weapons.

The violation of Cuban waters and U.S. support for a group of terrorists on an illegal mission are clear facts that should be properly penalized. However, the UN Security Council is apparently biased in favor of impunity for the United States.

Foreign Minister Affirms Revolution Will Continue

PA2208015692 Havana Radio Havana Cuba in Spanish 0000 GMT 22 Aug 92

[Text] Cuban Foreign Minister Ricardo Alarcon affirmed that the Cuban revolution will firmly continue, despite constant threats and pressures by the U.S. Government. In statements to Radio Progreso radio station in Miami, Alarcon said a normalization of relations between Havana and the Cuban community in that U.S. city might be considered in the future. He said, however, that a normalization of those relations should be based on the conviction that predictions of the end of the Cuban Revolution were incorrect.

Alarcon made the statement to Francisco Gonzalez Aruca, director of the Spanish program "Alternative" carried by Radio Progreso in Miami. Gonzalez traveled to Havana on 17 August to interview the Cuban foreign minister.

Observance of Castro's 66th Birthday Noted

FL2208173192 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 14 Aug 92

[Text] It has been 33 years—the age of Christ, as my mother used to say—since, like some modern messiah dressed in olive green, he burst into Havana to change the history of this small nation. Thirty-three years have since elapsed, and the face of this land in which he was born and which saw him grow up to run and play, lift his head high, reveal himself and bring about a revolution is very different now. Sixty-six years. With selfless honor, dignity, and self-respect, he visited and moved the land of his ancestors and once again brought us the affection of other peoples, and showed slackers and the feeble-spirited that Spanish has words for everything, and that empire means just that: an empire and an unipolar world. It is just that. [chants: "Cuba yes." "Yankees no."]

The silver temples, the famous beard, the accurate language, and his passion, the passion of this man who loves and struggles, well deserves a great big: Happy Birthday, Fidel.

French Minister 'Refuses' To Isolate Cuba

PA2308144192 Havana Radio Havana Cuba in Spanish 0000 GMT 23 Aug 92

[Text] President Fidel Castro on 22 August attended a ceremony at the French Embassy in Havana to honor Cuban athletes who gave outstanding performances at the Olympic Games in Barcelona.

At the ceremony Michel Charasse, the French budget minister, handed medals of youth and sports to the island's Olympic champions granted by the two French institutions [not further identified].

In a brief speech, the Cuban president voiced his satisfaction with this noble and generous gesture by the French. On his part, the French budget minister, who concluded a three-day visit to Cuba on 22 August, thanked Fidel Castro for giving him special attention during his stay on the island. At the end of his visit, Charasse said the French Government refuses to participate in actions to isolate Cuba.

Nuclear Specialists To Join in U.S. Conference

PA2208195792 Havana Radio Havana Cuba in Spanish 0000 GMT 22 Aug 92

[Report by Marianela Samper]

[Text] Three Cuban specialists will participate in the nuclear energy conference that will be held from 23 to 26 August in San Diego, California, sponsored by the American Nuclear Society, which has its headquarters in the United States. Daniel Cordorniu, director of the Center for Applied Studies on Nuclear Energy [Centro de Estudios Aplicados de la Energia Nuclear]; Pedro Abigantu, chief technician of the Juragua Electronuclear Center; and Juan Ramon Alayon, assistant director of the National Center on Nuclear Safety [Centro Nacional de Seguridad Nuclear] are the three engineers who will attend the meeting.

The conference agenda for 24 August dedicates three hours to a report on the Cuban nuclear program. The first lecture refers to the general characteristics of the

program and its scientific and technical structure. This includes an explanation of how nuclear activities are organized on the island, participating institutions and organizations, centers that support this activity, and the use of nuclear energy in the medicine, agriculture, and other economic areas.

The second lecture talks about the characteristics, technology, and essential issues of designs and projects—emphasizing the modernization of the electronuclear center under construction in Juragua, Cienfuegos Province. The third lecture deals with the Cuban nuclear safety and radiology protection system, which explains how security measures are formed and enforced in Cuba to protect energy workers, the population, and the environment.

The documentary called "A Necessary Option" will be shown at the nuclear energy conference in San Diego. It will offer an overall report on the current status of this activity in Cuba. During a conversation with Engineer Daniel Cordorniu we reviewed the fact this is the first time three Cuban specialists will participate in this type of meeting.

[Begin Cordorniu recording] I think U.S. nuclear experts are quite interested in our program. This occurs within the framework of an international event including all the specialists and leaders in charge of nuclear programs in all countries. They want to exchange views and join efforts because the success of nuclear energy programs, and the need to leave a country's problems aside, [words indistinct]. The tendency in recent years is to establish closer ties among the different organizations to use the experience acquired by each country. In this case... [pauses] our country has started a nuclear program and they, as our neighbors, are interested in learning about this program. The event offers a good opportunity and they are quite interested. They have dedicated a working session... [pauses] the event discusses problems in general and they have dedicated a three-hour session to the issue. [end recording]

Industries Improve for High Demand Products

FL2208173292 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 19 Aug 92

[Text] Local industries and people's councils in Havana Province offer new options to the people. The key to solving some of the needs of the people is to solve them in each locality. All we need to do is to motivate the people that work in these industries and workshops. This was demonstrated in a provincial meeting with producers of popular and high demand items. In the meeting, local industries demonstrated that with the smallest amount of resources they can do great things. We saw material being made with the most basic means that you could imagine. Shoes were made by using boot trees and other solutions.

The 19 municipalities of Havana province are participating in the project. Some of them have already obtained good results in other areas of high demand such as the food and service industry.

We are now in Artemisa, which is known not only as a city of tradition and heroes, but as a place where efforts to improve are being made today. Four months ago, the quality of the food industry in Artemisa was declining. We have all heard of the efforts that have been made in Cienfuegos and Las Tunas Province.

Havana and Artemisa, of course, have joined this effort. The plan is to create a support system with organizations, enterprises, and the initiatives of enthusiastic workers. Today, there are 22 specialized cafeterias in Artemisa. Today, Sucotel, or the cafeteria of the K-59 unit, is of the people and for the people.

The idea that we want to bring you is—and this has only been an example—that better results are obtained through unity and combined efforts.

Efforts Made To Meet Demand for Consumer Goods

FL2208173392 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 18 Aug 92

[Text] A response to the demand for consumer goods has already been given. An effort is being made in every municipality of the country to offer more products to the people. They are also working on expanding the services to the people. In Centro Habana Municipality, for example, these services are being offered on the streets.

The fair on Infante and Jumeda Streets is a good initiative with positive results. In a skillful and productive way, the consumer solves domestic problems and has the opportunity to purchase products in high demand manufactured by production centers of the province. Without altering the plans, and most important of all, with scraps, leftovers of raw material, and a lot of creativeness, a large selection of products of satisfactory quality are made.

The production of these goods creates new labor positions and allows for surplus productions from projected plans to be used. It allows the market to sell products that the primary industry cannot produce. Expanding these productions, generating new ideas and products has been the demand of the people and, at the same time, a good solution in face of the current economic limitations of the country.

Camaguey Administrative Structure Implemented

FL2108221392 Havana Radio Reloj Network in Spanish 1958 GMT 21 Aug 92

[Text] The new structure of districts for the political, administrative, and social work of the territory will begin to be applied in the city of Camaguey as of September. Four districts will be carved out in Camaguey: Joaquin de Aguero to the north, Candido Gonzalez in the center and the south, Ignacio Agramonte to the west, and Julio Antonio Mella to the east.

Simultaneously, the creation of People's Councils will begin in the provincial capital. These councils are to be an element of government whose principal function is to address problems, find solutions, and support production and defense.

The introduction of the new territorial divisions in the city of Camaguey constitutes compliance with an agreement reached at the 3d Party Congress that proposes the creation of districts with a view to improving the function of political, administrative, and social structures.

Inter-Caribbean

St. Lucians Celebrate Haiti-Caribbean Solidarity

FL2108202792 Bridgetown CANA in English 1554 GMT 21 Aug 92

[Text] Castries, St. Lucia, Aug 21, CANA—Haiti's exiled Information and Culture Minister Marie Laurence Lassaque on Friday [21 August] appealed to Caribbean people to continue to stand firm behind her country in its efforts at restoration of democracy.

"I want to thank all the Caribbean Community for their solidarity with the Haitian people. As you know people of Haiti (are) fighting now...for democracy," the Washington-based exiled minister said here.

"We want to ask everybody to help us fight because we don't want injustice, oppression, dictatorship, we want our liberty and to make decisions when we want," she added.

Lassaque is participating in a day of activities organised by the St. Lucia Committee on Haiti, as part of its solidarity with the people of the former French colony.

The activities observed in other Caribbean states, were decided upon at a meeting of regional non-governmental organisations held here last month.

Lassaque said that there was much "suffering in Haiti" as a result of the coup which toppled elected President Jean-Bertrand Aristide almost a year ago.

"This event in support of the democratic process in Haiti, should be added to the long list of collective actions that have marked the evolution of our society from 1791 to 1991".

She said Haitians were heartened by the activities and hoped that "it will continue to exist whenever the needs come for our people to condemn injustice and oppression...and to protect our dignity and self determination". "The future of our society and the future of the Caribbean region lie upon this solidarity as long as this link of solidarity continues to strengthen...There will be hope, optimism," she said.

"The solidarity is the source of our resistance as people, it is the key to our freedom," Lassaque said, noting "with this kind of solidarity we will win the battle against the anti-democratic forces...."

Among the activities planned are a church service, radio talks show programmes and an art exhibition on Haiti. Lassaque said that any individual act taken on behalf of the restoration of Haiti was welcomed, adding "each act is important...because all of them together will help the Haitian people to have freedom and democracy".

Antigua and Barbuda

Opposition Hails Ingraham Victory in Bahamas

FL2108194292 Bridgetown CANA in English 1836 GMT 21 Aug 92

[Text] St John's, Antigua, Aug 21, CANA—Antiguan parliamentary opposition leader, Baldwin Spencer, says the result of the general election in The Bahamas offered his United Progressive Party (UPP) a fresh impetus in its quest to form the government here.

Bahamian Prime Minister Sir Lynden Pindling, lost in Wednesday's [19 August] poll which saw the Hubert Ingraham-led opposition Free National Movement (FNM) win 32 of the 49 parliamentary seats.

In a congratulatory message to Ingraham, Spencer said: "The people of the Bahamas responded positively to your platform for good government and accountability...."

The opposition here has consistently charged the incumbent administration with corruption and lack of accountability.

Speaking to the CARIBBEAN NEWS AGENCY (CANA), on Friday, Spencer said, "Longevity alone cannot necessarily withstand the pressures for change or the desire for change.

"What is most interesting with the Bahamian result is the fact that the FNM campaigned against...corruption in government, lack of accountability, mismanagement and inefficiency and the people...responded positively to what the opposition was saying," Spencer commented.

"I'm hoping that the people of Antigua would appreciate and understand that the future of this country is dependent on them...," the UPP leader said. "...If the people of the Bahamas, after 25 years of rule by one particular party could take such a positive and decisive step, I cannot see why the people of Antigua should do anything less when the time comes."

The Antigua Labour Party (ALP) led by Prime Minister Vere Bird Sr, 82, has been in power here since 1976.

Barbados

Businesses Aiming To Tap Canadian Market

FL2108200192 Bridgetown CANA in English 1813 GMT 21 Aug 92

[Text] Bridgetown, Barbados, Aug 21, CANA—Representatives of 40 Barbadian businesses, mainly from light industry and agricultural sectors, ended week-long discussions with a Canadian firm Friday [21 August] aimed at getting more local products into the Canadian market.

Barbados' Trade Commissioner to Canada Frank da Silva said today the island was working to locate and develop niche markets in Canada for locally manufactured products and agricultural produce, particularly in Toronto and Ontario.

He told reporters the venture was timely because of expected improvement in the Canadian market this winter and the island's capacity to produce a wide range of goods and ability to deliver on time.

Canadian export business consultant Henry Cuke said a network of more than 65,000 Barbadians living in Canada, who were willing to assist, and existing 'goodwill' between Canada and Barbados would lend to the success of the business venture.

His organisation, Cuke Associates, has drawn up a marketing plan which includes introducing Barbadian products at trade shows, identifying specific markets and making arrangements for distribution.

The businesses seeking to develop markets are in areas such as furniture, handicraft, agricultural produce including yam and breadfruit, juices, clay products and clothing.

Barbadian farmers will also be expected to grow crops, including mushrooms and table grapes, specifically for the Canadian market.

The state-run Barbados Marketing Corporation (BMC) and Barbados Export Promotion Corporation are the co-founders of the nine-month-long project.

Bermuda

PLP Leader 'Saddened' by Ingraham Victory

FL2208015492 Bridgetown CANA in English 2029 GMT 21 Aug 92

[Text] Hamilton, Bermuda, Aug 21, CANA—The Bahamas general election defeat of former Prime Minister Sir Lynden Pindling has saddened Bermuda's opposition Progressive Labour Party (PLP).

PLP leader Frederick Wade said, "We are very disappointed. He was a friend of our party for a very long time."

Wade hailed Sir Lynden's contribution to the economic and political growth of the Bahamas, saying: "He took the Bahamas from a very backward country to an independent nation."

Sir Lynden, who had been prime minister of the Bahamas for the past 25 years before being soundly beaten by the opposition Free National Movement in Wednesday's [19 August] election, has close ties with Bermuda.

He was last in Bermuda to celebrate the reopening of the PLP's renovated headquarters, Alaska Hall, earlier this year. He is a close friend of former opposition leader Lois Browne Evans, the pair having studied at the same law school in London.

Wade blamed Sir Lynden's downfall on a "restless" electorate concerned about the economy, unemployment and their uncertain future.

"It is something being faced by all incumbent governments and there is a lesson here," he said.

But Bermuda's Environment Minister and Deputy Premier Ann Cartwright Decouto said the Bahamas election result, which swept 45-year-old Hubert Ingraham to power, would have no bearing on Bermuda where the next general election is due by early 1994.

"It will be interesting, however to see an analysis of what happened," she said.

Dominica

Foreign Minister: More Solidarity for Haiti

FL2208022692 Bridgetown CANA in English 2155 GMT 21 Aug 92

[Text] Roseau, Dominica, Aug 21, CANA—Dominica's External Affairs Minister Brian Alleyne appealed on Friday [21 August] for more solidarity from the international community to help resolve the Haitian crisis, almost one year after President Jean-Bertrand Aristide was ousted by the military.

Speaking during observance of Haiti Solidarity Day here, Alleyne suggested that the Organisation of American States-imposed embargo could force the military to yield, especially if other countries like those in Europe would help tighten the screws on the military regime in Port-au-Prince.

Alleyne accused the European countries of continuing to trade with Haiti to some extent, and said their observance of the OAS embargo could contribute to the re-establishment of the democratic process in Haiti.

However, the external affairs minister is not keen—at this stage—on military intervention to restore President Aristide to power. "Neither the president nor the people of Haiti have asked us to do that. And I don't think this should be an option that should be considered outside of

the context of the authority of the president of the legitimate government of Haiti," Alleyne said.

He was reacting to a suggestion by Kingstown-based human rights activist Victor Cuffy of Caribbean Rights, who suggested that the only realistic solution after more than ten months, may be the military option.

Haiti

OAS Continues To Promote Dialogue on Crisis

FL2108230892 Port-au-Prince Radio Metropole in French 1825 GMT 21 Aug 92

[Report by Rothschild Francois, Jr.—live]

[Text] It is nearly the end of the OAS mission that has been in Haiti since 18 August trying to help Haitians find a solution to the crisis. The anticipated communique has finally been issued by mission representatives. It declares that there have been some opportunities to promote dialogue among the main protagonists of the crisis. The mission intends to support the reinforcement of humanitarian assistance to the Haitian people. The OAS mission also expresses its deep concern about the acts of repression and violence it discovered, as well as its steadfast position on the necessity to respect the integrity and personal security of Haitians, especially those who came in contact with the mission. Finally, the OAS mission underscores its willingness to continue facilitating Haitian efforts, in the firm hope that the will and the desire to talk demonstrated by all parties can reach the positive attitude the international community hopes for. This was the essence of the OAS mission press release. Its 12 members will soon be leaving the national territory. OAS Secretary General Joao Baena Soares, who was leading this mission, told American journalists that he was taking back with him some signals that would help him continue the attempt to help Haitians find a diplomatic solution to the crisis.

Soares To Hold News Conference, Leave 21 Aug

FL2108161592 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 21 Aug 92

[Excerpts] OAS Secretary General Baena Soares, who has been in Haiti since 18 August in order to help the main parties find a solution to the Haitian crisis, will leave the country today, Friday [21 August], after a three-day visit which allowed him to talk with representatives of several sectors on Haiti's political crisis. Upon his arrival at the Port-au-Prince airport, Mr. Soares stated that he would not impose any kind of solution to the Haitian problem. Many people in Haiti considered this statement an important change relatively to the attitude that the OAS has always taken toward this crisis.

The OAS secretary general first met with the presidential committee formed by Father Aristide. Mr. Soares also talked with the Army commander in chief, the parliament, the Haitian Episcopal Conference, representatives of the private sector, representatives of the Protestant Church, and officials of the OAS office in Haiti. Another thing which was new in this OAS mission is that the secretary general of the organization met with the prime minister, whereas the international community always said that it does not acknowledge the rulers in power in Haiti.

While the OAS delegation continued to meet with those concerned or the sectors concerned with the Haitian crisis, news coming from Washington on 20 August and quoting several sources said that U.S. officials might stop supporting the embargo against Haiti because they have noted that it is the people who are suffering instead of the authors of the 30 September coup. Asked if the United States and the OAS are willing to lift the embargo even though the ousted president has not returned to power, a U.S. State Department official stated that many steps were being taken toward that end. The official did not want to provide more explanations because he said he was not yet authorized to do so. [passage omitted]

Meanwhile, the OAS secretary general is preparing to leave Haiti. Mr. Soares has not yet made any statement on the results of his mission to Haiti. He promised to hold a news conference, but he did not exactly say where nor when he would hold that news conference. Soares will officially leave today. However, it has been pointed out that some members of the delegation will stay in Haiti to continue to meet with other sectors. It has also been pointed out that they can play a role in a solution being sought for Haiti's crisis. This is the second visit of the OAS secretary general since the beginning of the crisis. [passage omitted]

CTH Seeks Lifting of Embargo; Criticizes OAS

FL2108181392 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 21 Aug 92

[Report on news conference held by the Confederation of Haitian Workers [CTH] in Port-au-Prince on 20 August 1992—recorded]

[Excerpts] [Announcer] The Confederation of Haitian Workers [CTH] held a news conference yesterday morning to make a report on a workshop which was organized at the INAFOS [expansion unknown] premises. This CTH workshop analyzed the political realities of the country.

The first thing CTH noted concerning the political crisis was that the hope the people had after 7 February 1986 is declining more and more everyday although sweet talk is being made about democracy. CTH, which believes that democracy cannot be built without dialogue and concerted action, proposed an agreement between all sectors in the country so they can manage to build a better political system. This national agreement will especially provide for the revision of Article 149 of the Constitution by the parliament, according to the CTH secretary general, Mr. Jean-Claude Lebrun. [passage omitted]

More than 150,000 people have already lost their jobs since the beginning of the crisis and the country has already lost over $800 million over the past 10 months. All this is the consequences of the embargo which the CTH says is an international plot against Haiti. CTH therefore asks the OAS and the other international authorities to lift the embargo as soon as possible because of the bad consequences of this measure on the lives of the Haitian people.

[Lebrun] [passage omitted] In view of all these disasters, we consider the embargo an international plot and genocide against the Haitian people which is taking us further away from the democracy we are seeking.

[Announcer] During the same news conference, the CTH secretary general criticized the OAS for having worsened the country's crisis when it interfered in the Haitian political life. This is why CTH has announced that it will ask the Latin-American Confederation of Workers [CLAT] to show solidarity with Haiti and to present the demands of the Haitian people to other authorities in Latin America so they can set up a committee for solidarity with the Haitian people. Jean-Claude Lebrun, however, said that this solidarity committee must respect Haiti's identity and independence.

Trinidad and Tobago

Paper Links Pindling Defeat To Corruption

FL2108211292 Bridgetown CANA in English 1440 GMT 21 Aug 92

[Text] Port-of-Spain, Trinidad, Aug 21, CANA—Following is the text of the editorial in Friday's [21 August] TRINIDAD GUARDIAN newspaper:

The people of the Bahamas voted overwhelmingly for change on Wednesday, putting out of office Sir Lynden Pindling and his Progressive Liberal Party who had held the reins of government in the archipelago nation for a quarter of a century. It was a humiliating defeat for Pindling, one of the longest-serving prime ministers in the English-speaking Caribbean, but the election results were hardly unexpected as popular support for his PLP government had been steadily eroded by persistent drug scandals over the years and more recently, the country's painful economic woes.

It may be a measure of the Bahamians' feeling for change that Pindling was ousted by the man he dismissed as a "political upstart," 45-year-old lawyer, Hubert Ingraham, who heads the Free National Movement [FNM] and who was once a member of Pindling's cabinet.

In turning the tables, Ingraham's FNM has secured at least 32 of the 49 parliamentary seats, with 16 going to the PLP and the remaining one as yet undecided.

In a significant way, the elections took the form of a showdown between the ageing prime minister who seemed unable and unwilling to dispel the stench of corruption surrounding himself and his government, and the young lawyer who led the fight against corruption after he had been dismissed from the PLP government.

Ingraham claims that he was kicked out of the PLP when he called for the sacking of officials whom a commission investigating allegations of corruption in high places had linked to drug trafficking. Reports of drug trafficking in the Bahamas, with its spread of remote and often uninhabited islands being used as havens for the illegal trade, have been circulating through the Caribbean for more than a decade.

With Pindling's government increasingly implicated in the nefarious business, the reports acquired increasing credibility by the lavish transformation of lifestyles and the failure of the prime minister to take effective measures to deal with the persistent allegations and the findings of various investigations.

It is sad that Pindling, one of the few remaining West Indian prime ministers whose term in office stems from the early days of independence, should be removed from power with such an unsavoury aura still clinging to his administration.

Clearly, the recession which has brought the Bahamas' tourist economy to its knees also contributed heavily to Pindling's downfall. Feeling the effects of the stagnant U.S. economy and a drastic decline in tourist traffic, the Bahamas is hurting badly with unemployment rising over 20 percent and most of the country's big casinos and hotels up for sale. In that kind of economic travail, no incumbent government fares well.

Still, to the credit of the PLP government, the elections have apparently been free and fair, in spite of the rumours that it would be marred by fraud. The electoral will of Bahamians for a change has been clearly expressed, and the successful campaign of new Prime Minister Ingraham must be recognised and applauded.

A new era has opened for the Bahamas. Whether the FNM government will be able to lift the country's economy out of its present decline seems unlikely without an upturn in the U.S. but Prime Minister Ingraham will surely be moving to clean up the Augean stables left by the Pindling regime. That, at least, is an achievable mandate.

El Salvador

President Cristiani Holds News Conference

PA2308035992 San Salvador Radio Cadena YSKL in Spanish 1730 GMT 22 Aug 92

[News conference by President Alfredo Cristiani with unidentified reporters after a ceremony inaugurating the installation of a gas turbine at a thermal plant in Acajutla—live; broadcast in progress]

[Text] [Cristiani] ...in February of this year. It is not something new that we are just now learning. Of the 12,000 taxpayers that needed to register for the stamp declaration, 9,000 have done so. That means practically 75 percent of them have already registered. Several days still remain for the rest to register. Some administrative measures can be taken in case of problems at the Finance Ministry, but to delay their admission is too much of a blow to the country's fiscal revenues. That is one of the country's most serious problems.

[Reporter] What can you tell us about UN Under Secretary General Marrack Goulding's visit? How do you view this situation? Can a similar situation be produced to maintain the 31 October deadline for the fulfillment of the agreements?

[Cristiani] I believe everything is being done to readjust certain dates and keep the original 31 October deadline. The United Nations will evaluate the work on 16 September to see how much progress has been made and to assess the prospects for preserving that deadline. We are pushing ourselves to accelerate as much as possible the implementation of the different programs that are included in the peace process, and we believe it can be done.

[Reporter] What are the most important points on the agenda before the 16 September evaluation?

[Cristiani] We have heard UN statements in that regard, but we have practically rescheduled the demobilization of the various FMLN [Farabundo Marti National Liberation Front] contingents. We have talked about the FMLN weapons inventory; we have talked about the land program; we have talked about the different programs for the reinsertion of former fighters from both sides; we have talked about the progress made at the National Public Security Academy; we have talked about the special security regimen in areas of conflict. Those are the main concerns.

[Reporter] President Cristiani, regarding the land issue—which the FMLN deems most important—how much progress has the government made? Does the government have the money to start buying lands?

[Cristiani] We have already received some 70 million colones in foreign aid, which is now in the hands of the land bank. That is necessary to begin the work. One of the requirements is verification by the Special Agrarian Commission of Copaz [National Commission for the Consolidation of Peace]. After the verification is complete, we will proceed with the things that need to be done as determined by the commission. We have already set aside certain state properties with which the land transfer program can be initiated. We are ready.

[Reporter] How much land has the government set aside?

[Cristiani] We currently have enough for about 3,000 former fighters.

[Reporter] President Cristiani, on 21 August former Treasury Police members said they were concerned because they have not been compensated, and they expect the executive branch to do something to help them out.

[Cristiani] I would like to tell the former members of the Treasury Police and the National Guard that we are continuously working with an Armed Forces commission and with the National Reconstruction Secretariat to study the plans for the reintegration of the former fighters. The compensation could come as part of a program for the transfer of lands. That could be one of the options chosen. We are also working on the case of the former FMLN fighters. We are working on the programs for the reinsertion of the Armed Forces' former fighters, and we will soon announce those programs so they can be implemented.

[Reporter] They claim that two months have passed since they were removed from the Treasury Police, and yet they have not seen any specific government plans even though more than 90 million colones in aid have been disbursed.

[Cristiani] Thus far we have not received large disbursements except for the land problem and for other reconstruction programs. There have been delays in receiving the financial aid for programs to help former combatants. We are trying to design several plans so former combatants can choose the one that best suits their needs. Unfortunately, that process takes time because the plans must be similar. They cannot be different because that would be unfair. In other words, we believe that former combatants in the Armed Forces must have the same rights as FMLN [Farabundo Marti National Liberation Front] fighters, and therefore the programs must be the same. That is why there have been some delays. It does not mean that the government is avoiding its responsibility toward former Armed Forces combatants.

[Reporter] Colonel Sigifredo Ochoa, president of the Lempa River Hydroelectric Executive Commission, CEL, delivered a speech on 22 August that sounded almost like a good-bye speech at a ceremony in his honor. What do you think about Colonel Ochoa's retirement?

[Cristiani] I think this situation....[pauses] as Colonel Ochoa has said, he has his reasons. We have discussed those reasons over the past few days, but he can tell you why he made that decision. We can only say that we believe he did a good job as CEL director. CEL now provides better service to the Salvadoran people and

generates more electricity. We have publicly expressed our recognition to the CEL president and board of directors for their work.

FMLN To Resume Demobilization 21 Sep

PA2108202692 San Salvador Radio Cadena YSU in Spanish 1800 GMT 21 Aug 92

[Text] On 21 August the Salvadoran guerrillas announced they will resume demobilizing their fighters on 21 September as a result of negotiations with the government held in the past few hours.

A spokesman for the Farabundo Marti National Liberation Front [FMLN] reported that the second contingent of guerrillas that should have demobilized last 31 July will abandon weapons on 21 September. The FMLN postponed the demobilization of 1,600 fighters, which is equivalent to the second 20 percent of its troops, claiming the government had not complied with 42 agreements of the peace treaty signed in January 1992.

The FMLN spokesman reported that following an agreement with the government, a new timetable has been prepared for the demobilization of the guerrilla army. He explained that the guerrillas will demobilize the third 20 percent of fighters on 30 September, the fourth 20 percent on 15 October, and they will have concluded dismantling their military structure by 31 October, when the fifth 20 percent is disarmed. The first 20 percent of the guerrillas were demobilized on 30 June.

In view of the guerrillas' announcement, President Alfredo Cristiani said the government and the FMLN reached agreements as a result of the recent visit to El Salvador by UN Under Secretary General Marrack Goulding. President Cristiani added that the peace process will continue within the framework of the original timetable, including rescheduling some overdue agreements.

ONUSAL Involvement Noted

PA2308131792 San Salvador PRENSA GRAFICA in Spanish 22 Aug 92 p 4

[Text] The group of UN Observers for El Salvador, ONUSAL, has announced that the Salvadoran Government and the Farabundo Marti National Liberation Front, FMLN, reached agreements on continuing implementation of the peace process.

The agreements ended the second impasse this year, which made the participation of Marrack Goulding, UN under secretary general, necessary.

ONUSAL noted in a communique that the agreements are contained in a revised timetable that includes: total concentration of FMLN forces and delivery of all its weapons, which will be added to the inventory of weapons already submitted to ONUSAL.

The government and the FMLN also agreed to implement programs to help former combatants, including emergency aid packages, and design and complete medium term programs to be subsequently implemented.

They also agreed to initiate courses at the National Public Security Academy and to implement the necessary measures to ensure its continuity and full operation. Those measures include the expeditious reconditioning of its installations and taking steps to put into operation the National Civilian Police as soon as possible.

At the same time, they agreed to begin the process of transferring land already verified by the state, adopting measures to facilitate the verification of land inventories by the Special Agrarian Commission, as well as negotiating the purchase of land by the state when appropriate, for subsequent transfer.

The agreements also include regulations permitting the prompt restoration of public administration in areas of conflict and the definition of a special security system in those areas.

The government and the FMLN will propose legislative and other types of actions to ensure the effective replacement of the Armed Forces Territorial Service by a new Military Service and Reserve System.

They agreed to promote pending laws stemming from the agreements, intensify efforts to obtain additional financial resources, facilitate the incorporation of the private sector into the Economic and Social Forum, and contribute to its effective functioning.

Samayoa on Timetable

PA2208042792 San Salvador Canal Doce Television in Spanish 0300 GMT 22 Aug 92

[Report by Hilda Quijano]

[Text] Farabundo Marti National Liberation Front [FMLN] Commander Salvador Samayoa said the FMLN will demobilize the second 20 percent of its forces next month provided delays in compliance with the peace accords are overcome. Samayoa explained that the FMLN's decision is part of a reorganization of the timetable for points that have not received full compliance. Samayoa said this was achieved during UN Under Secretary General Marrack Goulding's visit to the country last week.

[Begin Samayoa recording] The idea is to continue the FMLN demobilization, but we will wait for a broad and satisfactory degree of compliance on the most essential issues before the step is taken. [end recording]

The FMLN General Command member revealed some of the points on which the compliance date has been renegotiated.

[Begin Samayoa recording] We have proposals about the National Civilian Police [PNC] because we are interested in giving the country a truly reliable public security agency that will protect our society. Thus, some of the

steps must be rescheduled and the organization of its personnel must be expedited. Aside from the PNC, we have reached agreements to step up the programs for the transfer of land. [end recording]

Moreover, Salvador Samayoa said the FMLN no longer has security commissions in former conflict-ridden zones. Samayoa said the armed personnel providing protection in certain points of the country have been gathered one more time.

Defense Minister Outlines Plans

PA2308133192 San Salvador Radio Cadena YSKL in Spanish 1730 GMT 22 Aug 92

[News conference by Defense Minister Rene Emilio Ponce with unidentified reporters in Acajutla; date not given—recorded]

[Text] [Ponce, in progress] ...we will carry out the demobilization of the 1st Infantry Battalion. Later, between 12 and 16 September we will demobilize the Belloso Infantry Brigade in Juigalpa, and the demobilization of another three rapid response infantry brigades [as heard]: the Atlacatl, Atonal, and Arce Battalions, in that order.

[Reporter] Could you give us your opinion on the list of officers who, according to the Nongovernmental Human Rights Commission, allegedly are involved in crimes, and whose names have been sent to the special investigative commission?

[Ponce] On that issue we can see the tendency that certain human rights organizations have always shown. They have usually served as echo or resonance for certain unfounded reports that have been presented. They have given the reports to the special commission, which will carry out its own objective evaluation and issue the results. What this organization alleges on this list has no objective basis. Instead they are working on speculation.

[Reporter] Has military intelligence uncovered any cases of Armed Forces officers abusing their authority?

[Ponce] Well, what we have here, really, are small elements of the Armed Forces who did overstep their authority or commit a crime. They are sent immediately to the competent justice authorities. We are not speculating, but acting on the facts.

[Reporter] First, sir, what do you expect from the ad hoc commission and the Truth Commission? And second, what is being done about the situation of insecurity? The people are being beaten totally by common crime.

[Ponce] These people, the three honorable Salvadoran citizens who make up the special ad hoc commission and the three foreigners who make up the Truth Commission, have said that they will act on a level of justice, impartiality, and objectivity. In this regard we have no fear for results that come from responsible and serious work done in accordance with the law. As you know, the special commission is to work specifically on the Armed Forces, while the Truth Commission is to investigate and examine those events that are reason for national and international outrage. This means that there will be an evaluation of all of these events, which will not be exclusively directed at the Armed Forces but at a more general scope.

On the issue of public security, as you know, the only organization to have the constitutional authority to perform public security functions is the National Police. If this police force does not increase its numbers to cover the national territory, there are going to be territorial vacuums. This is where common crime takes advantage and commits its acts. The government is making an enormous effort to fulfill its duty to provide security and tranquility to the people, and it is working on precisely that.

[Reporter] What specific actions would the Defense Ministry suggest to the government with regard to the increase in common crime?

[Ponce] There is a special interministerial commission, of which the Defense Ministry is a member, and we are carrying out an in-depth study of the situation to recommend the most appropriate measures to halt the increase in violence in our country. I cannot give you any details of the plans for obvious reasons, but specific future actions will prove the government's effectiveness in fighting crime.

[Reporter] Will you, as Armed Forces, accept the conclusions of the ad hoc commission and the Truth Commission, if a member of the forces is found to be involved in any given case?

[Ponce] Our Constitution states that the Armed Forces is an obedient organization that cannot remove itself from justice. We will comply with whatever decisions the government may make, based on the results presented by the special commission and the Truth Commission.

[Reporter] On a different topic, General, have you received a final report on the investigation into the escape of Major Jimenez?

[Ponce] All the judicial investigations are in the hands of the competent authorities. They have all the enquiries made by the Criminal Investigation unit, their own investigations, and the depositions, so I believe that the court is the competent authority to issue any reports. They compiled the information, they heard statements by those who were on duty with the Treasury Police, and it is they who have to come to any conclusions.

Land Inventory Verification Begins 24 Aug

PA2308025492 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 22 Aug 92

[Text] Verification of the 4,666 holdings the Farabundo Marti National Liberation Front [FMLN] presented in

its inventory will begin on 24 August. The verification process reportedly will last approximately 12 months. Each holding will be individually verified to determine if its owners are willing to sell the property so it may later be transferred to former FMLN fighters. All the holdings in the inventory are located in conflict-ridden areas. The land, which is to be transferred to 7,762 former FMLN fighters, is also sought by local townsfolk and people who are currently farming there.

Assistance for Demobilized Combatants Urged

PA2308041992 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 22 Aug 92

["Chronicle" segment by Raul Beltran Bonilla]

[Text] The current wave of violence that is shaking El Salvador can be—as the church says—created, feigned, or encouraged. The best answer was found a few hours ago: The wave of violence could be an expression of the demobilized people's needs. They have no other option. They used to live, work, and serve the state in the Armed Forces, yet they found themselves without a job overnight. They can no longer provide for themselves or for their children.

I mention this as an example because I saw a young man seated on the steps of the Presidency hours ago. He was young, about 28 or 30 years old, yet his face reflected disillusionment, frustration, and bitterness. It is also important to recognize and observe how the media recently reported what a former National Guard agent said: If I have to steal to eat, I will steal. He said it without beating around the bush, looking worried, or feeling the least bit ashamed.

The truth is that there are not enough jobs in El Salvador. We are all aware that there is unemployment. Anyway, the story I told you about the man is true. He sat in front of the Presidency gates waiting for someone to tell him where he should go and who in the Armed Forces will give him the necessary support since he is now a demobilized Treasury Police [PH] member. We talked to him and he said: I come here and am told to go to the General Staff headquarters. I go there and am sent somewhere else. In the end I do not know who will help me.

The former PH member added: What hurts most is that the FMLN [Farabundo Marti National Liberation Front] members have already started to receive food, medicine, tools, and land. We, the Armed Forces members, also have rights. He was obviously concerned about his family. Let us face the truth: The young men who picked up rifles and went to war—on either side—were clearly aware that they supported a cause, followed orders, and sought to defend a principle; but in the end they are all Salvadorans.

Allow me, then, to echo the shouts, requests, and appeals of the former security corps members and demobilized soldiers: Friends, members of the military high command, government officials, and private sector members; aid programs must be implemented quickly so these people can have some income. We must not allow that which we all know can happen. The wave of crimes and violence is led primarily by former security corps members who feel like the agent: If I must steal I will do it because I have to live and feed my family.

Examples abound. We have seen them everywhere: A military officer and a Honduran who was also a member of the Armed Forces died in Santa Ana because they formed a band of robbers and were repelled with gunfire. People have been killed in Apopa, San Salvador, Tecoluca, San Antonio Silva—everywhere. Armed violence has risen; robberies are a daily occurrence; and we cannot hide that fact. We cannot remain silent because their cases resemble that of the former PH agent. They are hungry; they have wives; they have children; they have a family to support; and they are waiting for the compensation they deserve for their services to the homeland.

I say that regardless of whether or not their principles are wrong and whether or not the Salvadoran leftist groups' principles are wrong, in the end they are all Salvadorans. They must be protected by the same laws. The law exists for everyone, not only a few. Messrs. members of the government, the problem is serious. You know this better than anyone else. The people no longer want to put up with this. I think it is sad to think about the former PH agent who, like many of the fellow comrades who attended his funeral, only wanted to know who would give him a hand.

The case of the former PH member who recently said he would steal if he had to steal should not happen again. Those people might not only steal. They could also kill or be killed while perpetrating a robbery, because they have to survive in a society that was previously protected by them and has now abandoned them.

We think everyone—leftists, former soldiers, former PH members, former National Guard members—has a right to live in the democratic, philosophical, and political model of the new country we hope to achieve and love dearly. They all deserve help. We must help the people who demand it because they need it and because they have earned the right to request it.

'Useful' Efforts in Mine-Defusing Plans Eyed

PA2108161792 San Salvador Canal Doce Television in Spanish 0300 GMT 21 Aug 92

[Text] The Farabundo Marti National Liberation Front [FMLN] regards the participation of the Inter-American Defense Board [IADB] in defusing mines as useful. The FMLN, however, criticized IADB's lack of coordination with the UN Observer Group for El Salvador [ONUSAL], the organization in charge of implementing the peace agreements.

According to Commander Ramon Torres, a member of the joint working group, the FMLN does not object to defusing the mines planted throughout the national territory. He said, however, that the government did not consult with the FMLN before inviting the IADB to participate. In addition, the details of the IADB's role in defusing the mines have not been disclosed. He added that this participation should be supervised by ONUSAL.

[Begin Torres recording] Everyone who wishes to cooperate in defusing the mines is welcome. They should do so, however, through ONUSAL, the only officially established agency. We do not object to IADB participation, but we stress the need for coordination with ONUSAL. [end recording]

The FMLN said the first stage of digging up and defusing the mines planted by either side has been going on for two months. The high risk areas, where the war raged more intensely, will be pinpointed during the first stage. The mines will be dug up and defused during the second stage. The government, ONUSAL, and the FMLN will participate in this operation. In addition, Torres, who is also responsible for security, said his armed men will help to halt crime in the zones of conflict.

[Begin Torres recording] These areas are where the population (?demanded) the presence of the FMLN. We must point out that the crime rate has remained low in these security zones. [end recording]

Finally, the FMLN said it will not permit security organizations other than the National Civilian Police to be in these areas, and that the FMLN will continue to patrol the areas until the first police contingents report for duty in those places.

Gen. Vargas Denies Army Left Mines Behind

PA2308022192 San Salvador EL DIARIO DE HOY in Spanish 21 Aug 92 p 3

[Text] Referring to a plan for clearing the areas that "the two sides, the Army and the Farabundo Marti National Liberation Front [FMLN]" planted with mines, General Mauricio Vargas, deputy chief of the Armed Forces Joint Staff, has said the Armed Forces left no zone planted with mines because the Armed Forces are professional and responsible.

Vargas said the Army used mines only in headquarters areas where they were frequently controlled and marked, thereby reducing the risk of explosions for the population.

"Which two sides?" he exclaimed. "We left no areas planted with mines. We are professionals and would not have been so irresponsible as to leave mines behind." He added: "All of the drums, cans, and pieces of tubing that are being found were left by the rebels who fought the political, economic, and social system in our country." By contrast, we use arms as professionals to defend the state's institutions in a legal and political framework."

Regarding the role played by the Truth Commission in the country, Gen. Vargas said the commission operates within the general concept that the FMLN perverted the commission's role and many people use it as a means to escape punishment. "Of course, we will try to eradicate impunity, not only in one sector, but throughout society. The FMLN, however, is not being taken into account for this."

Gen. Vargas, a former member of the Dialogue Commission, recalled that the first act of impunity was perpetrated when the FMLN took up arms against the government in an attempt to avoid its responsibility in the social system. "That cannot remain unpunished because, otherwise, anyone could get away with it," he said.

He went on to explain that there is impunity when the law is violated and the violator is not punished. "Let everyone take a close look at the context. The Armed Forces is not the only party that should be investigated. That is why it is important to become familiar with the entire process."

He asserted that the institution is fully willing to cooperate with the Truth Commission "because the truth should not be feared." Vargas said the only thing to be afraid of is distorted truths and all the pseudo-humanitarian organizations that at one time or another played a role in the insurgents' projects."

Regarding charges leveled by a member of the so-called Nongovernmental Human Rights Commission, Vargas said the member has the right to make such charges because the country is a democracy. However, he accused this group of being "a sounding board." He said the Armed Forces "have more important things to attend to and cannot pay attention to such trifling matters."

Trade Accord's Success Depends on Businessmen

PA2208163792 San Salvador Canal Doce Television in Spanish 0300 GMT 22 Aug 92

[Text] The private sector on 22 August said the free trade agreement signed in Managua between the governments of Central America and Nicaragua is potentially positive, but its benefits will depend on bilateral negotiations.

Juan Hector Vidal, executive director of the National Association of Private Enterprise, ANEP, said the agreement's success will depend on the involvement of the business sector which is, all things considered, the true participant because governments only contribute the minimum legal framework.

Vidal said the Mexicans have been preparing for this quite a bit and way in advance because of the free trade agreement with the United States and Canada. Mexico, the ANEP leader added, has over 800 businessmen working closely with the government, which means that in that country the private sector is a participant.

Guatemala

Diplomatic Incident With U.S. Embassy Reported

PA2208025392 Guatemala City PRENSA LIBRE in Spanish 21 Aug 92

[Text] Foreign Minister Gonzalo Menendez Park has stated that a diplomatic incident with the U.S. Embassy is about to be resolved.

The minister did not explain the incident stating: "I cannot go into details, because this is a diplomatic matter. However, one thing is certain: We will not ask any U.S. Embassy official to leave the country."

In spite of the foreign minister's silence, it has been learned that the incident concerns a U.S. Embassy official who could have been involved in the exile case of Mrs. Maritza Urrutia, a former university student who prior to leaving in exile said she had been linked to the Guatemalan insurgency.

Efforts have been made to establish telephone contact with U.S. Embassy authorities, but the callers were unable to obtain any comments on the issue.

Guerrillas Not To Make 'Military Commitments'

PA2208004992 Mexico City NOTIMEX in Spanish 0646 GMT 21 Aug 92

[Text] Mexico City, 20 Aug (NOTIMEX)—The Guatemalan National Revolutionary Unity (URNG) asserted on 20 August that it will not block verification mechanisms or the will of the Civilian Self-Defense Patrols (PAC) in the country, but it also stated that it will not make commitments of a military nature.

URNG Commander Gaspar Ilom told NOTIMEX there are several points to be discussed at the peace negotiations between the Guatemalan Government and the guerrillas. The next round of meetings are scheduled to take place between 22 and 24 August.

Regarding the issue of the PAC's, which is addressed in the agreement reached between the parties on 7 August, Ilom explained that the Guatemalan Government had made a unilateral commitment not to arm new patrols in the country "if there were no events to prompt such an action."

The URNG leader asserted that military commitments will be discussed during the discussion of the point called "strengthening the civilian branch and the Army's functions in a democratic society." He added that the most controversial point in that process is the one related to human rights.

In the framework of the last round of negotiations in Mexico, Ilom, whose real name is Rodrigo Asturias, emphasized that the URNG has been fighting in the politcal arena, not with weapons, since the defense committees were created in the eighties.

Serrano Asks Guerrillas To Accept Cease-Fire

PA2208131092 Guatemala City SIGLO VEINTIUNO in Spanish 21 Aug 92 p 3

[Text] President Jorge Serrano Elias has publicly urged the guerrillas to agree on a cease-fire as a gesture of goodwill and to concentrate in UN-controlled security camps.

The announcement was made on 20 August by Manuel Conde, president of the government Peace Commission, who will travel to Mexico on 21 August with the other members of the commission for a new round of negotiations from 22 to 24 August.

Government and military representatives will resume talks with the guerrilla commanders at the Del Prado Hotel in Mexico City and will try to complete the negotiations on the overall subject of human rights.

Another point in the agenda will be a request made by civilian groups in the country to join the peace talks as soon as possible.

The subject of the Voluntary Civil Defense Committees was successfully covered. Still pending are talks concerning the establishment of the Commission on the Past for Reconciliation and Peace [Comision del Pasado para la Reconciliacion y la Paz].

This commission will be headed by Attorney General Ramiro De Leon Carpio, a delegate from the National Reconciliation Commission [CNR], and another representative to be selected by CNR President Monsignor Rodolfo Quezada from a list of six candidates proposed by the universities.

The commission will be in charge of compiling historical data on human rights violations in Guatemala. But it will not function as a court or determine penal responsibilities, because that is not its mission. It will be exclusively in charge of creating a record of human rights violations.

"In view of the urgent need in the interior of the country, again we will propose a cease-fire to the guerrilla commanders in Mexico, at least during the peace talks," Conde noted.

He said that President Serrano Elias already made the proposal asking the Guatemalan National Revolutionary Unity to show its political goodwill by concentrating in security camps under UN supervision.

He added that the government will insist on this point at the new round of talks to begin on 22 August "because it is necessary to reduce the suffering of the civilian population and the damage to the infrastructure," he stressed.

Conde said that in his opinion the Armed Forces generals who are part of the official delegation are willing to take additional firm steps toward attaining total peace.

"All of us, particularly the military representatives, are making great efforts so that the continuation of terrorist acts and sabotage by the guerrillas will not affect the negotiations," he said.

He added: "We regret the continuation of clashes, ambushes on military patrols with its sequel of dead and wounded not only in the army, but also on the other side, because they are also Guatemalans."

The Peace Commission members, who will travel to Mexico City at 1330 on a United Airlines flight, are six civilians and five high-ranking military officers. They are: Manuel Conde, Manolo Bendfeldt, Fernando Hurtado Prem, Jose Luis Asencio, Ernesto Viteri, Amilcar Burgos, and Generals Marco Antonio Gonzalez Taracena, Julio Balconi, Mario Enriquez, Carlos Pineda, and Rafael Rosito.

New Round of Negotiations Begin

PA2208201392 Hamburg DPA in Spanish
1818 GMT 22 Aug 92

[Text] Mexico City, 22 Aug (DPA)—Representatives for the Guatemalan Government and rebels started in Mexico City on 22 August a new round of negotiations aimed at reaching an overall agreement with regard to human rights, the agenda's central topic.

Shortly before the beginning of the talks, which are being held at a luxurious hotel in the Mexican capital, Manuel Conde, head of the Guatemalan Government delegation, stated his firm belief that, once the larger part of the negotiations are completed, "it is very likely that a final peace agreement could be achieved this year."

Conde said there are not many aspects left to discuss with regard to human rights, because the government and the rebel coalition Guatemalan National Revolutionary Unity (URNG) have already reached agreements with regard to almost all the points on this topic, the first on an agenda that includes 11 negotiating points.

According to the representative from President Jorge Serrano Elias' government, the only important point about human rights that is still pending agreement, is the creation of a "Commission of the Past" [Comision del Pasado] or "Commission for Reconciliation and Peace" [Comision para la Reconciliacion y la Paz], which would have to create a historical registry of human rights violations committed during the 30 years of armed conflict.

The URNG insists that such a commission, which it prefers to call a "Commission of Truth and Justice," should investigate the atrocities committed in the past by the Guatemalan Armed Forces and security corps, so that those who are found to be responsible can be tried.

URNG spokesmen also stated, at the end of the previous round of talks held two weeks ago, that another point still pending an agreement with regard to human rights is the application of the Geneva Convention concerning the wounded and prisoners of war (Wartime Humanitarian Rights).

The rebels have not ceased to demand that the so-called Civilian Self-Defense Patrols be dissolved. Those patrols are formed by almost 1 million poor peasants and are considered instruments of repression and military control over the civilian population.

With regard to this point, the previous meeting had ended with an agreement, considered "partial" by the URNG, whereby the Guatemalan Government agreed not to create new patrols and to accept that those armed groups be formed by volunteers and not by men recruited by force.

The Guatemalan Government's delegation to the new meeting, which is expected to last three days, includes five generals. The URNG is represented by its top commanders: Gaspar Ilom, Pablo Monsanto, and Rolando Moran.

The talks, which started in almost absolute silence, are also being attended by Bishop Rodolfo Quezada Toruno, as mediator, and UN Observer Frenchman Jean Arnault.

Negotiation Not Surrender

PA2208213292 Madrid EFE in Spanish
1806 GMT 22 Aug 92

[Text] Mexico City, 22 Aug (EFE)—The Guatemalan guerrillas will deliver their weapons when an agreement is reached that eliminates the causes of the country's internal conflict, according to Pablo Monsanto, member of the Guatemalan National Revolutionary Unity [URNG] General Command.

In an interview published on 22 August in the Mexican daily EXCELSIOR, Monsanto said "negotiation is not synonymous with surrender," and he emphasized that the URNG is willing to reach political agreements that will solve the problems that began the conflict.

"We are not going to disarm until we have reached an agreement that will establish the bases for solving Guatemala's fundamental problems. Only when that has been done will we deliver our weapons, demobilize, and become part of the country's legal process," said the URNG member.

Those agreements should "benefit the Guatemalan people and represent profound changes that make possible a different society," stressed Monsalvo, who is a member of the URNG General Command.

Representatives of the government and of the URNG, which is made up of four guerrilla forces, began on 22 August their eighth round of talks to end 32 years of undeclared civil war that has left over 100,000 dead and displaced 1 million persons.

"Commander" Monsanto said the URNG hopes these conversations "will establish the bases for solving the serious problems that Guatemala has experienced for decades."

He added: "The majority of our population is made up of Indians, and we are economically, politically, and socially backward. Therefore, if we make any progress in that regard during these negotiations, the URNG is willing to march in that direction so long as it represents profound changes for our society with a true democracy."

Monsanto stated that the guerrilla movements in Guatemala, Colombia, and Peru are the product of the situations in those countries in which the systems do not meet the needs of the people, even though he clearly specified that "we do not identify with the methods and forms of struggle" used by Shining Path in Peru.

Honduras

Callejas Terms U.S. Court Decision 'Aberration'

PA2308030292 Mexico City NOTIMEX in Spanish 2001 GMT 22 Aug 92

[Text] Tegucigalpa, 22 Aug (NOTIMEX)—Commenting on a U.S. court's judgment against the Honduran Government, President Rafael Leonardo Callejas said on 22 August that the U.S. judicial branch violates the sovereignty of other countries.

This week the Southern Florida District Court ordered the Honduran Government to pay $1.5 million to the U.S. multinational company American Pacific (Ampac) for annulling an auction sale of the Honduran Cement Company.

Ampac filed a suit against the Honduran state claiming its interests were affected because prior to the annulment it had won the auction.

"This action by the Miami Court is an aberration against international law, an arrogant action by the U.S. judicial system," Callejas said.

He added that U.S. justice "once again has exceeded its limits by establishing that the sovereignty of other countries is subject to U.S. judges' decisions."

"The U.S. judicial system acts according to its own convenience and has exceeded its limits by making attempts against the sovereign rights of other nations," Callejas stressed.

"Once again U.S. justice has surpassed its boundaries, and from now on any U.S. citizen will be able to file a lawsuit in a U.S. court against any government," he added.

He noted that this decision can be grouped with the U.S. Supreme Court ruling a few months ago that authorized the kidnapping of presumed criminals who are abroad so they can be judged in U.S. courts.

Minister Criticizes Remarks by U.S. Envoy

PA2108204692 Tegucigalpa Telesistema Hondureno Television Network in Spanish 0100 GMT 21 Aug 92

[Report by Adolfo Hernandez]

[Text] Foreign Minister Mario Carias Zapata on 20 August described as unwise the remarks U.S. Ambassador Cresencio Arcos made about the Honduran military. Commenting on Honduran justice, Arcos stated it must not turn into a viper that only bites barefooted people but does not touch those who wear boots, clearly alluding to the military.

Honduran Armed Forces Chief General Luis Alonso Discua Elvir said in turn that it was shameful for the U.S. diplomat to criticize the country openly, as if Honduras were a cattle ranch for foreigners. The military chief asked: What would happen if a Honduran diplomat in Washington criticized the government of George Bush? Foreign Minister Carias said the remarks Arcos made will not cause problems between the two countries, but a foreign diplomat obviously must not criticize our institutions. The official added that Arcos' verbal attack is in keeping with the personality of the diplomat, who is prone to give an opinion on everything. The problem is not that simple.

Nicaragua

Reaction to Trade Agreement Signed With Mexico

Industrial Groups Protest

PA2208041192 Managua Sistema Nacional de Television Network in Spanish 0300 GMT 20 Aug 92

[From the nonofficial "Extravision" newscast, directed by Manuel Espinoza, former information minister under the Ortega administration]

[Text] Representatives of small industrial groups on 19 August protested against the Free Trade Agreement that will be signed on 20 August here in Managua. The CONAPI [National Federation of Small Industries] representatives tried in vain to contact Engineer Antonio Lacayo while he was in a meeting with the Mexican foreign trade secretary. Economy Minister Julio Cardenas minimized the small industrialists' fears.

[Begin Cardenas recording] During the first four years of the agreement's implementation, we will face an asymmetrical lowering of taxes. In other words, Mexico will grant us more advantages than we will grant it, because Mexico is a much more developed country. We must try to change these small industries to manufacture products that are in great demand in Mexico. We do not necessarily have to continue manufacturing the same products. We must change and add new products that are

sought on the Mexican market, which is three times as large as the Central American market. [end recording]

COSEP Says Country 'At a Disadvantage'

PA2208144792 Managua Radio Sandino in Spanish 1830 GMT 20 Aug 92

[Text] Rosendo Diaz of the Higher Council of Private Enterprise [COSEP] has said that Nicaragua is at a disadvantage after signing the Free Trade Agreement with Mexico.

[Begin Diaz recording] This is a very personal and superficial opinion, based on what I have seen. I believe that given the country's current situation, the short-range perspective will probably be unfavorable. If we are unable to compete with Central America, it is going to be even more difficult to compete with Mexico. We need several, if not a great many years to stabilize our situation. Until then we will be in the disadvantageous position of consumer and not exporter. [end recording]

Gilberto Cuadra, former COSEP president, said that in very general terms the agreement is positive.

[Begin Cuadra recording] I believe the treaty is positive, generally speaking, because it allows industry to begin a modernization process, to improve competitiveness and leave behind that competitive vacuum to which it was subject for 12 or 13 years, although it will affect industry a great deal under the current situation. As I see it, the treaty is also unilateral to a certain extent, because it grants our industry and commerce greater benefits than it does to Mexican industry and commerce. This means that the agreement is giving Central America—particularly Nicaragua—time to pick up strength, power, and to improve modernization and competitiveness.

This is an inevitable process in which Central America and Nicaragua must join the world's commercial blocs. We cannot prevent this. We can call this a wonderful thing, but we must realize that it is necessary for us to be a part of these economic blocs or we will simply become commercial driftwood subject to world economic tides. [end recording]

Sandinist Says Country 'Hurt'

PA2108233092 Managua Radio Sandino in Spanish 1830 GMT 20 Aug 92

[Text] Sandinist entrepreneur Herty Lewites has said that the Nicaraguan Government is obliged to help small industries develop after it has signed the Free Trade Agreement with Mexico.

[Begin Levites recording] This must be viewed as having several steps. The first is that the Free Trade Agreement among Canada, the United States, and Mexico is now a reality. The social costs of that treaty cannot be estimated yet, but according to international news reports, Mexico is going through a period of high unemployment. That is what international news agencies are saying. The working class in the United States is concerned. There are several similar reports about Canada. I believe Nicaragua will be one of the countries most hurt by the Free Trade Agreement between Mexico and Central America. [end recording]

Union Leader Critical

PA2308044392 Managua Radio Nicaragua Network in Spanish 1100 GMT 22 Aug 92

[Text] According to Rosendo Diaz Bendana, president of the Union of Nicaraguan Agricultural-Livestock Producers [UPANIC], the signing of the Free Trade Agreement between Nicaragua and Mexico is not a good thing. He said the national market will be invaded by Mexican products of a quality with which we are all unacquainted. Diaz Bendana also said the agreement offers no advantages to Nicaragua because the only ones who stand to gain are the Mexican industrialists. We must bear in mind that we Nicaraguans are currently not producing anything. We have nothing to offer the Mexicans. We have nothing to sell, Diaz said. He said the best thing that could happen would be for the Mexicans to open up their markets when we begin producing so we can compete with Mexican industrialists.

[Begin Diaz recording] I believe the Nicaraguan situation and the economic circumstances are not really that good [words indistinct]. Our costs are still too high and our labor efficiency is still too low. We are at a disadvantage when compared with the rest of Central America and Mexico. I believe we will [passage indistinct]. It will not be a favorable agreement for Nicaragua. We are at a disadvantage. [end recording]

Country 'Unprotected'

PA2208230492 Managua Radio Sandino in Spanish 1830 GMT 20 Aug 92

[Text] Producer Juan Ramon (?Aragon) has said that, ironically enough, the Nicaraguan Government has signed a free trade agreement with Mexico even though the Mexican market is closed to the export of Nicaraguan beef.

[Begin recording] [Aragon] In the general free trade agreement signed between Central America and Mexico, Nicaragua was left virtually unprotected. There is no such thing as free trade in the region. It is not true that anyone can get into any market once such a treaty is signed. We have tried unsuccessfully to export raw materials to certain countries; for example, the Mexican market is closed to exports of Nicaraguan beef. The Nicaraguan Government, however, has signed a free trade agreement that includes Mexico. We see a great contradiction in that situation. We believe the local products of some countries that have succeeded in bolstering their economies through free trade enjoy protection, but there is no such protection in Nicaragua. Salvadoran coffee growers have been assisted with a $15 subsidy for every quintal of coffee they produce. By

contrast, the Nicaraguan Government is strangling the coffee growers who are in financial trouble. We of the National Union of Farmers and Cattlemen will meet with the Mexicans on 20 August to see how they handled this problem and to present them with our views on exports to Mexico. Last year we exported approximately $13 million in beef to Mexico, but such exports were interrupted about one month ago.

[Reporter] Do you think this treaty will bankrupt many producers?

[Aragon] Yes, particularly small and medium-scale industries, which are the weakest. In Central America, the basic grain producers will be affected the most. [end recording]

Memo Signed To Promote Diplomatic Cooperation

PA2308042192 Managua Radio Nicaragua Network in Spanish 1100 GMT 22 Aug 92

[Text] The Mexican and Nicaraguan Governments signed a memorandum of understanding to promote cooperation between the Mexican Foreign Relations Secretariat and the Nicaraguan Foreign Ministry.

Rosario (Green) signed the document on behalf of the Mexican Government, and Deputy Foreign Minister Jose Pallais signed on behalf of the Nicaraguan Government.

The memorandum of understanding between the two countries states that the Mexican Foreign Relations Secretariat will provide technical and professional assistance to Nicaraguan diplomatic personnel abroad and Foreign Ministry personnel in Managua.

Minister Says Police Reform Progressing

PA2308024992 Managua LA PRENSA in Spanish 20 Aug 92 pp 1, 16

[Text] Government Minister Alfredo Mendieta has told LA PRENSA that the second phase of the sessions for reviewing what will be the new National Police Law has concluded and work continues to promote police officers who, based on their professional merit, will take over new positions.

These announcements are part of the police reforms that the Government Ministry is conducting following President Violeta Chamorro's order to make the corps entrusted with maintaining public order more professional.

"Lawyers and professionals from both the Government Ministry and the Presidency are working hard so we will have a police law that is appropriate for the Nicaragua we are building," Alfredo Mendieta said.

He pointed out the valuable contribution of the technical advice given by the Spanish mission that recently visited Nicaragua.

As for the promotions within the police, Mendieta explained that the president wishes to stimulate those officers who have observed the type of behavior that is indicative of the goals of the Government Ministry's reforms.

"The courses they have taken in other countries and their understanding of the need to make the police corps more professional are important aspects in defining these promotions," said the minister, while explaining that the changes in the police corps are part of an overall reform of the ministry to which the police corps belong.

There is not a police corps and a ministry, he said, but an overall group working together to maintain order in the country.

Concerning the names of high-ranking officers who will be retired as of 5 September, some of which have already been mentioned by the media, Minister Mendieta said that no specific names have been officially announced.

Even though there is some speculation about some of the names, he said "there are still no names. We are looking into that, and nothing will be said until the day the announcements are made."

The government minister did not comment on the alleged dismissal of Rene Vivas as national police chief.

"We can only say that a replacement of Commander Vivas does not imply accusations, sanctions, penalties, revenge, or persecution for ideological reasons," he added.

Mendieta emphasized that the police reform seeks the professionalization and improvement of that corps and does not seek persecution or ideological punishments of any type as that would be contrary to the freedom and pluralism that the government defends.

Regarding the comments that there reportedly is a "contingency plan" in the event the police rank and file does not accept these changes, the minister said he trusted that the reform program is understood by the police cadres who understand the need to adapt the police to Nicaragua's new circumstances.

"Well, every project has its contingencies; that is normal. The truth, however, is that the police reform is being implemented within the framework of acceptance that will undoubtedly bring benefits for both the police and for Nicaragua," Government Minister Alfredo Mendieta concluded.

Report on Transportation Groups Strike, Results

PA2208161392 Managua Sistema Nacional de Television Network in Spanish 2330 GMT 20 Aug 92

[Report by Erica Ramirez]

[Text] The transportation and cargo federations' violation of the people's right to transit has affected more

than 300,000 persons. All roads to Managua were blocked on the morning of 20 August by drivers who protested against taxes and alleged noncompliance by the Construction and Transportation Ministry. The main roads to the capital are obstructed by trucks, vans, buses, and minibuses, precluding the citizens' right to travel freely to and from the capital. Freedom to strike exists in Nicaragua but not the right to interrupt the citizens' transit.

More than 300,000 workers, students, and producers are affected when their right to move freely is violated by the transportation and cargo federations. According to the transportation sector, its protest seeks a cut in the price of transit permits, a cut in route fares, and authorization to increase the number of private bus routes.

[Begin recording] [Lawyer Dennis Plata] The federation, meaning our clients, are willing to talk any time, provided all the agreements signed by Construction and Transportation Minister Jaime Icabalceta are fulfilled, along with the latest agreements signed by the Government Ministry.

[Unidentified Transportation Ministry official] They do not want to solve the problem. The ministry has not failed to keep its pledges. The ministry has talked with them and tried to solve their problems. They have abandoned the talks to sponsor a stoppage that now affects citizens, particularly in the capital and some departments, including Masaya, Carazo, Leon, and Chinandega. [end recording]

The country's economic and production activities have also been blocked because international cargo transportation activities have been paralyzed. The Construction and Transportation Ministry has issued an appeal to vehicle owners, urging them to contact their regional offices in an effort to prevent the complete halt of production activities.

[Begin Icabalceta recording] They protest because they think the government has failed to keep its pledges and they preclude other people's work in the process. These people are violating the rights of other transportation workers who do want to work. We have been contacted by many transportation workers who want to work. There are people willing to step in and replace those who neglected the routes assigned to them. This causes a bad situation because they fail to provide transportation for the people. Certain transportation members do want to work. I do not think they would dare organize a rebellion because they would definitely face the law for it. [end recording]

Communique Warns Strikers

PA2208161592 Managua Radio Nicaragua Network in Spanish 1100 GMT 22 Aug 92

[Communique issued by the Construction and Transportation Ministry and the Government Ministry in Managua on 21 August]

[Text] The Construction and Transportation Ministry and the Government Ministry have issued a communique notifying the people that, in view of the events that have taken place recently where a group of transportation workers has blocked the free transit of vehicles on some highways, thus denying the right to free transit established by the political Constitution and hindering public transportation service, it hereby announces the following:

1. It is the duty of both ministries to guarantee public order, free transit, public and private property, and to guarantee public transportation service, which is being threatened by groups which, in serious detriment to dialogue as a civilized means of solving conflicts, is resorting to violent methods to impose their will.

2. To guarantee the rights granted by the Constitution and other laws, the two ministries will proceed to reestablish public order and ensure public transportation services by applying the laws strictly to all those who violate them within the respective jurisdictions. Issued in the City of Managua on 21 August 1992.

EPS Communique Announces Army Day Preparations

PA2208150392 Managua Radio Nicaragua Network in Spanish 1100 GMT 22 Aug 92

[Text] The Public Relations Office of the Sandinist People's Army, EPS, General Command hereby informs the general public of the following:

Army General Humberto Ortega presided over a General Staff officers' meeting on 21 August. Ortega was accompanied by General Staff Chief Major General Joaquin Cuadra Lacayo and other General Command officers.

This meeting marks the beginning of the patriotic event to be held on Army Day, 2 September. The topics, which were discussed in a fraternal and frank atmosphere, included those related to the Army's current situation, its development, and outlooks for the professional military career.

This activity is an important contributon to the task of strengthening the solid nature of our institution, as the guarantor and safeguard of the political Constitution, peace, sovereignty, and national independence.

EEC Donates Funds for Rural Development Plan

PA2208023092 Managua Sistema Nacional de Television Network in Spanish 2330 GMT 19 Aug 92

[Text] The EEC has donated 13.5 million ECUs, equivalent to $17.5 million, to the Nicaraguan Government. The funds will be used to finance an overall rural development plan called Agrarian Reform and Rural Development in the Rio Blanco Zone. The total cost of the project is $20.7 million. The EEC will cover $17.5 million, and the remaining $3.2 million will be assumed

by the Nicaraguan Government. The donation agreement was signed by EEC Ambassador Fernando Cardeza Garcia and Foreign Cooperation Minister Erwin Krugger.

Hong Kong Citizen Involved in Helicopter Sale

PA2308000892 Managua LA PRENSA in Spanish 20 Aug 92 pp 1, 16

[Excerpts] Vice President Virgilio Godoy has said that the contacts for the sale of Sandinist Air Force helicopters to Peru could have been carried out by Lilliam Oung, a millionaire citizen of Hong Kong who was appointed Nicaragua's honorary consul to that British protectorate.

Godoy, who has no real duties in the government, said this Asian citizen is said to have ties to the international arms trade and could have initiated contacts between the Peruvian and Nicaraguan militaries for the sale of MI-17 and MI-25 helicopters to Peru. Mrs. Oung visited Peru in 1991 and was received by President Fujimori and high-ranking military officers.

According to another version, Oung—who was born in Taiwan—and General Humberto Ortega met in Hong Kong during Ortega's official visit to the Republic of China.

Carlos Aguilar Calderon, former Costa Rican ambassador to Nicaragua, arranged the meeting and met several times in Hong Kong with Gen. Ortega and Mrs. Oung in October 1991.

Aguilar Calderon was removed from his office as Costa Rican ambassador to Nicaragua amid comments and strong public criticisms against him for his close relationship with Gen. Humberto Ortega.

Nicaraguan Diplomatic Passport

LA PRENSA was able to find out that, due to steps undertaken by high-ranking officers of the Sandinist People's Army, in mid-June the Foreign Ministry issued a diplomatic passport for Mrs. Lilliam Oung in only a few hours. The passport was issued even though the Nicaraguan Foreign Ministry had not received notice of Mrs. Oung's appointment being approved by the UK. Since Hong Kong is a British protectorate, the appointment of an Honorary Consul must be approved by the UK to be valid.

Her Appointment Was Approved

A reliable source from the Nicaraguan Foreign Ministry confirmed that the British Embassy in Nicaragua approve Mrs. Oung's appointment after a lengthy study period that began after Nicaragua requested the approval. Hong Kong authorities did not have any objections.

Now Mrs. Oung travels around the world with a Nicaraguan passport without ever having set foot in Nicaragua.

The source added that "with regard to the sale of helicopters to Peru, all I can say is that we at the Foreign Ministry have no official information about this." [passage omitted]

LA PRENSA contacted Taiwanese Ambassador Ki Tseng Ling [name as published] and requested information about Mrs. Oung, but the ambassador claimed he had no information about Mrs. Oung's activities because she left Taiwan many years ago.

Her Resume

Official Nicaraguan Foreign Ministry spokesmen confirmed to this newspaper that, according to investigations carried out by INTERPOL and other similar organizations, Mrs. Oung has no criminal records.

The Foreign Ministry's files on our country's honorary consul to Hong Kong state that between 1973 and 1979 she worked for E-HSIM, one of the five biggest business corporations in Taiwan.

Between 1980 and 1990 she headed investment groups in a company called HUALON that manufactures and sells textile products, sells chemical products, and builds and markets housing and shopping centers.

Oung worked with the group called PALADIN, a company that invests in and sells property, between 1990 and 1991.

The resume kept at the Foreign Ministry states that Lilliam Oung was born on 26 November 1947 in the Republic of China.

Panama

Endara News Conference on Municipal Force

PA2108191692 Panama City Radio Soberana Civilista in Spanish 2005 GMT 20 Aug 92

[News conference by President Guilllermo Endara with unidentified moderator and local and foreign reporters at the Palace of the Herons in Panama City—live]

[Excerpts] [Endara] [passage omitted] I have an announcement to make about what has been erroneously called the Municipal Police.

On 20 August I sent a note to Panama City Mayor Mayin Correa and San Miguelito Mayor Ruben D. Campos. The note reads as follows:

Dear City Mayors: In recent talks, we have discussed the issue of the misnamed Municipal Police. You have voiced your interest and plans to abide by the instructions to this effect issued by the executive branch, for which I am grateful. To this effect, the president of the

Republic and the government and justice minister, the executive branch members concerned with this matter, hereby inform you of the following:

A. Under no circumstances should this corps be called Municipal Police, inasmuch as the term police should be reserved for the security organizations as provided for by the Constitution, and these can only be of a national nature and incorporated into the Public Force [FP].

B. The functions of this municipal corps should be restricted to the following:

1. Custody of the monies and other treasury effects of the respective municipality.

2. Security of the buildings, offices, museums, or other municipal installations.

3. Care and security of municipal parks.

4. Summonses and other similar activities for municipal offices.

5. Cooperation with the national police or other FP organizations, only when these organizations so request it.

C. The members of this municipal corps should be appointed very carefully. Individuals who have a promilitary background—particularly those who belonged to the defunct Defense Forces or former National Police or who have been linked in any way to the coup or destabilization attempts—should not be admitted to this corps. Prior to being admitted, the candidates should pass exams, particularly a psychological test.

D. Candidates should be provided with training appropriate to their future functions.

E. In the event it is necessary for the members to bear arms, they cannot bear automatic weapons.

F. In cases where members of this corps bear arms, they should be clearly instructed concerning the special circumstances in which they may use their firearms. To this effect, we recommend the application of Decree No. 168, dated 15 June 1992, published in the Official Gazette No. 22,065, dated 26 June 1992. This decree regulates the use of force by public security organizations of the Republic of Panama.

We thank you for complying with our instructions and we request that the municipal resolutions that have already been approved be modified or abolished according to the above. [passage omitted]

[Moderator] Rolando Rodriguez, of Radio KW Continente.

[Rodriguez] Mr. President: Foreign Minister Julio Linares is leaving on 1 September for Jakarta, Indonesia. What position will our foreign minister take at the Nonaligned Movement? How important is it for Panama to continue participating in this movement?

[Endara] My answering this question does not mean you cannot ask the same question to the foreign minister, whom I am sure can answer in greater detail. I can give you a general idea of the position he will take. The Nonaligned Movement originated during the East-West confrontation between communism and democracy. Now that this stage has been surpassed, now that this East-West confrontation is over, the nonaligned group has to find another course. Many countries, including all the democratic Latin American countries and many in Asia, think nonaligned should now concentrate on international cooperation, particularly North-South and South-South cooperation. That is the basic idea. [passage omitted]

[Moderator] Alexander Calderon from Radio Mia.

[Calderon] Mr. President: I would like to ask you two questions. What do you know about a petition made to Nicaraguan President Violeta Chamorro by a Panamanian armed group requesting her mediation in Panama's situation? My second question is: Currently, negotiations have begun on Panama's integration into Central America. Why was Panama not taken into consideration in the free trade framework agreement signed this morning in Nicaragua with Mexico?

[Endara] Regarding your first question, I know nothing about any petition by anyone to President Violeta Chamorro, nor have I received any indication about anything in that regard....

[Calderon, interrupting] I am referring to a 13 August EFE news report. This report came out on 13 August in the morning.

[Endara] Unfortunately, I do not read EFE news reports. I do not read any news agency reports for that matter. I do not read the news agency reports, I read the newspapers. I do not recall seeing this in any newspaper. I have not received any information about this, nor has President Chamorro contacted me in this regard. I would appreciate your sending a copy to Mr. [name indistinct].

[Calderon] Certainly. Regarding the second question, do you want me to....

[Endara, interrupting] Yes, of course, it is regarding that thing with Mexico... [Calderon, interrupting] That is correct. Currently there are ongoing negotiations for Panama's integration into Central America. I have a question. If these are currently going on, why was Panama not taken into consideration in free trade and development framework agreement signed 20 August in Nicaragua with Mexico?

[Endara] The Central American issue....[pauses] The agreement between the Central American nations and Mexico occurred prior to the date when Panama participated in or decided to participate in Central America's integration effort or to cooperate in many aspects. When this movement was initiated in Mexico with the Central American nations, Panama was not part of the Central

American group. At least, we did not rightfully belong. Tentatively, we attend as observers but we do not rightfully belong.

[Calderon] [Words indistinct]

[Endara] We have been keeping up with the diverse negotiations. I would like to mention here that we still have not made up our minds if it is convenient for us to join the group. We are analyzing the situation. Assuming we arrive at the conclusion that we want to participate in that framework agreement—should we conclude that it is to our benefit; we still have not arrived at this conclusion—we would be willing to present a proposal to Mexico to see if an understanding can be reached. Remember, an agreement has not been signed with Mexico; it is only a framework agreement. From there on Mexico has to make arrangements with each nation separately. I must mention that we already have taken a step forward in this type of direct negotiation with the United States.

Central America is trying to reach an agreement with Mexico to see if they can form part of that large Mexico-United States-Canada common market. We already have direct contact....[pauses] The matter is complex. Panama has to study this issue very carefully to see if it is to our benefit. If it is to our benefit, I do not think we would have any difficulty or reservations, nor would we hesitate to present our position to Mexico; that is of our desire to participate. I do not yet have any indications from Mexico, but I am telling you what our position would be, should we arrive at the conclusion that it is to our benefit. [passage omitted]

Creation of Police Justified

PA2108160092 Panama City CRITICA LIBRE in Spanish 20 Aug 92 p 2

[Article by Arnulfo Mendoza]

[Text] Juan. B. Chevalier, minister of government and justice, on 19 August justified the creation and operation of the Municipal Police. He stated that all municipalities with resources are responsible for guarding their facilities, among other duties, adding that they should create similar groups.

When questioned on the creation and operation of this armed group, Chevalier said that it should not be called Municipal Police but rather a corps of inspectors, despite the fact that the solicitor general warned that this agency is unconstitutional. He claimed: "We are learning how to live in a democracy. The municipalities have a right to guard their property."

Chevalier denied that some people are interested in creating their own police, as was erroneously reported in the last few days.

He said the policy of setting up police checkpoints on weekends will continue, adding that they will not be located in the same places but in different areas. He continued that the idea is not to repress but to prevent crime, which is the main duty of police.

Chevalier also said that he maintains contact with friendly countries that have advised Panama on how to create a more professional police force to benefit society. He concluded that his greatest concern is to obtain scholarships that will contribute to training police officers in their respective fields.

Opposition Deems U.S. Reward Offer 'Meddling'

PA2208013692 Mexico City NOTIMEX in Spanish 2328 GMT 21 Aug 92

[Text] Panama City, 21 Aug (NOTIMEX)—The Democratic Revolutionary Party (PRD) on 21 August protested the reward offered by the U.S. Embassy for information leading to the arrest of three presumed authors of an attack on U.S. soldiers.

On 20 August the U.S. Embassy publicly offered $100,000 to anyone submitting information on the whereabouts of Roberto Garrido, Daniel Batista, and Pedro Miguel Gonzalez, son of PRD President Gerardo Gonzalez.

The PRD protested the action as "U.S. meddling in Panama's internal affairs" and described it as "a U.S. Western-style announcement."

The United States wants "to unleash a manhunt against three compatriots through a new and flagrant intervention in matters of the exclusive competence of Panamanian authorities, violating the national Constitution, which establishes the principle of presumed innocence," the PRD said.

Garrido, Batista, and Gonzalez are being sought by U.S. justice in response to allegations that they participated in an attack in which a U.S. soldier was killed and another seriously wounded on the eve of President George Bush's arrival in Panama City on 10 June.

The PRD held the U.S. authorities "and their local accomplices" responsible for "the life, personal safety, due process, and constitutional rights of the three Panamanian citizens."

This week PRD President Gonzalez protested the raid on his private office, presumably by members of the Panamanian and U.S. police who were searching for documents that could help them locate the presumed murderers.

The United States has an Operations and Intelligence Center at the U.S. Southern Command, eight military bases, and approximately 10,000 soldiers in Panama.

Government 'Complicity' Eyed

PA2208142192 Panama City LA ESTRELLA DE PANAMA in Spanish 22 Aug 92 p A1

[Article by James Aparicio]

[Text] The Democratic Revolutionary Party (PRD), the opposition party and former ruling party, on 21 August accused the United States of meddling in Panama's domestic affairs by offering a 100,000 balboa reward for three leaders of the organization accused of murdering a U.S. soldier.

The PRD Executive Committee protested what it termed "a manhunt," and accused President Guillermo Endara's government of complicity.

According to the PRD, the reward offered for information that will lead to the capture of Roberto Garrido, Pedro Miguel Gonzalez [son of PRD President and Legislator Gerardo Gonzalez], and Daniel Batista violates Article 22 of the Constitution, which establishes the presumption of innocence.

U.S. Soldier Reportedly Shoots, Kills Mugger

PA2208233592 Mexico City NOTIMEX in Spanish 2305 GMT 22 Aug 92

[Text] Panama City, 22 Aug (NOTIMEX)—Official sources have reported that on 22 August a man who is reportedly a member of the U.S. Armed Forces killed a Panamanian citizen and wounded another in the populated El Chorrillo neighborhood in downtown Panama City.

The National Police Public Relations Office stated that Raul Fabrega, an alleged U.S. soldier, shot at Orlando Benitez, 21, and at a 17 year-old minor, whose name was not released. The two Panamanians were attempting to rob Fabrega.

Benitez, alias "Juegavivo," was killed in the incident after being wounded with a 9-mm bullet in the thorax, and the minor was wounded in the upper thigh.

Fabrega was taken to a National Police office for questioning.

Residents of the poor neighborhood of El Chorrillo who witnessed the incident affirmed that Fabrega is a U.S. soldier of Latin descent who used to go to the area to take photographs.

El Chorrillo was the area most affected by the U.S. bombardment during the December 1989 invasion of Panama; therefore, there are frequent anti-American demonstrations in the neighborhood.

Group Formed 'To Counter Critical Events'

PA2108162792 Panama City EL PANAMA AMERICA in Spanish 20 Aug 92 p 1a

[Report by Orlando Mendieta C.]

[Text] A special group "to counter critical events" has been formed to combat destabilizing activities in the country. The group is formed by members of Panamanian Government security organizations and has received U.S. training. EL PANAMA AMERICA has obtained information that the 33 members of the group traveled to a U.S. Federal Bureau of Investigation facility in Virginia for a two-month training course.

The so-called group to counter critical events has 11 members from each of the following institutions: the National Police, the Technical Judicial Police, and the Institutional Protection Service.

The group is prepared to combat destabilizing activities anywhere in the country and to handle abduction cases. It can also counter the actions of rural agitators and terrorists. It is a quick reaction group and can use force at its discretion.

The special group will respond only to calls from President Guillermo Endara. The president will call the group when he considers the country's stability is endangered or when terrorist events takes place.

It has been reported that the government recently ordered a shipment of machine guns with silencers from Brazil. The weapons will be given to the special group to use to counter critical events when the need arises.

During Manuel Antonio Noriega's regime, the former Defense Forces created the Special Antiterrorist Service Unit (UESAT) to confront any terrorist action in the country. UESAT Headquarters was at Flamenco Island, where the National Maritime Service offices are currently located.

Customs Named Public Security Institution

PA2208225292 Panama City LA ESTRELLA DE PANAMA in Spanish 21 Aug 92 p 9

[Text] Decree No. 219 of 31 July 1992 signed by President Guillermo Endara Galimany and Juan B. Chevalier, government and justice minister, establishes that the General Customs Directorate is a public security institution.

This decree modifies Decree No. 168 of 15 June 1992, which listed the National Police, the National Maritime Service, the National Air Service, the Institutional Protection Service, and the Judicial Technical Police as security organizations. The General Customs Directorate has been included in that group.

The whereas portion of the decree states that the mission of these public security organizations is to protect and preserve the peace and security of Panamanians and others within the national territory.

It is also noted that the agents of these public organizations must bear arms at all times as an indispensable instrument for the legitimate defense of their lives and the lives of others.

The General Customs Directorate, headed by Rodrigo Arosemena De Roux, has been fulfilling an extraordinary mission in the prevention of contraband and in its merciless fight against drug trafficking.

Commission President Comments on Reverted Areas

PA2308182792 Panama City EL PANAMA AMERICA in Spanish 23 Aug 92 p 8d

[Report by Arnulfo Barroso Watson]

[Text] Joaquin Jose Vallarino, the president of the presidential commission to study the use of the reverted areas, has stated that, contrary to what has been proposed by Local 907 [union that represents U.S. Department of Defense workers in the Panama Canal Zone]—which advocates that U.S. troops remain in the canal zone—the installations that revert to Panama must be used commercially to benefit all Panamanians.

J.J. Vallarino said Local 907's proposal is impossible. "The U.S. military bases will be vacated and the Panamanians have the duty to study how to use these areas to benefit the country," he stressed.

Recently, the commission headed by J.J. Vallarino gave the Panamanian president a draft bill. consisting of 60 articles, which contains the parameters for development of the areas that will revert to Panama over the next seven years.

The cabinet on 21 August approved the bill that creates the Interoceanic Region Authority. This office has been entrusted with the task of establishing the strategies to develop the reverted areas so as to obtain the greatest benefits possible for the country.

Local 907 repeatedly has called for the permanence of U.S. military bases in Panama after the year 2000. It has opposed the position that export processing zones be established in the reverted areas.

On this topic, J.J. Vallarino pointed out that such programs are feasible. He added that the government and the private sector are working on a draft bill to modify Law 16 on export processing zones to be presented to the Legislative Assembly.

"If the Legislative Assembly approves the bill in the next term and if we do not make the mistake of instituting uncompetitive laws in relation to countries such as Mexico, the Dominican Republic, and Costa Rica, we will soon see the results of these efforts in an increase in jobs," Vallarino asserted.

Government Said 'Afraid To Make Decisions'

PA2208195192 Panama City LA ESTRELLA DE PANAMA in Spanish 21 Aug 92 p A-1

[Article by Carmen Elida Contreras]

[Text] The National Council of Private Enterprise (CONEP) said on 20 August that the national government is "afraid to make decisions" and said it is concerned by the "uncertainty" that currently prevails in the country.

CONEP President Eduardo Vallarino said in a news conference that "this government like all governments has internal and external political commitments and is sometimes afraid to make decisions."

Vallarino said there is a "well-known lack of balance between the rights and obligations" of the government and the governed.

Although Vallarino denied he was seeking a confrontation with the government of President Guillermo Endara, he stressed "the urgent need to promote greater social stability to achieve the expected economic growth" by means of investments.

"There have been several demonstrations as of late that are endangering the country's growth rate."

According to the businessman, if social and political peace are endangered, the country will not solve one of its most serious problems, the lack of sufficient job opportunities.

Vallarino, who spoke on behalf of Panamanian businessmen, said he is concerned over the "slow pace" being made by the program to revert the Panama Canal areas, to maintain public order, to administer justice, and to reorganize the legal and institutional norms that regulate businesses.

The Conep, which is formed by the most important private sector organizations, believes "it is the government's obligation, and its leaders must recognize it," to dispel fear.

"The idea is not to blame anyone, it is not to criticize anyone, it is not to look backward, not to look at what has been poorly done, but to look at what things can be done well or what things need to be urgently done," Vallarino said.

Attorney General on Eduardo Herrera Case

PA2108163292 Panama City LA PRENSA in Spanish 20 Aug 92 p 1A

[Report by Manuel Alvarez Cedeno]

[Text] Attorney General Rogelio Cruz said on 19 August that Col. Eduardo Herrera "is a coup perpetrator posing as a Civic Crusade supporter and spokesman against Noriega" and there is enough evidence to condemn him and his accomplices for the criminal charges filed against them.

Herrera will go on trial on two charges: First, for conspiracy and reportedly for plotting against state security; second, for the alleged crime of evasion of justice.

Referring to the trial summons on the evasion charges, the authorities investigated and concluded there is enough evidence to try Herrera and his collaborators for their escape from the Flamenco Island prison on 4 December 1990.

Interviewed by LA PRENSA, Cruz said: "I think there is enough evidence to condemn Herrera and his accomplices in the escape, so I believe he will eventually be condemned by the judicial branch."

Herrera and his lawyers claim President Guillermo Endara's administration has unleashed a wave of political persecution against him.

Cruz said all those being sought by the Attorney General's Office for their crimes defend themselves by saying they are victims of political persecution.

"If Herrera is being persecuted it is by his own conscience and by the knowledge that he tried to be a new manifestation of Panamanian militarism. Fortunately, the matter was solved with justice," Cruz said.

The former national police director is accused of leading an alleged coup against President Endara on 4 and 5 December 1990, after he staged a spectacular escape from the high security prison in Flamenco, located on Naos Island [as published].

Herrera has said repeatedly it was not a coup but a movement that sought to achieve social and salary improvements for Public Force members.

Cruz said the accused (Herrera and his collaborators) "are coup perpetrators posing as antimilitary and victims of the dictatorship. They have enjoyed their role as false civic crusaders but, fortunately for Panamanian democracy, this image has crumbled with the passage of time."

Release of Former Lieutenant Colonel Ordered

PA2208191592 Panama City Telemetro Television Network in Spanish 1730 GMT 21 Aug 92

[Text] Cesar Broce, judge of the 9th penal circuit of the First Judicial Circuit, has revoked the preventive detention order against former Lieutenant Colonel Carlos Arosemena King, who was tried for the death of comrades in arms on 3 October 1989.

The judge based his ruling on the fact that even though Mr. Arosemena King was found guilty, he has already served in jail six months more than called for in the punishment for the crime with which he is accused.

Argentina

Officials Sign Federal Appropriations Pact

PY2208185592 Buenos Aires TELAM in Spanish 0138 GMT 19 Aug 92

[Text] Buenos Aires, 19 Aug (TELAM)— The most outstanding items of the memorandum of agreement signed by the federal and provincial governments at Government House this evening are the following:

- The federal government is authorized to withhold 15 percent of the federal tax revenues for payment of national retirement pensions and other operational expenses.

- The fixed amount of 43.8 million pesos will be deducted from federal tax revenues every month and will be allotted to the provinces to cover fiscal imbalances.

- The above-mentioned amount will be allocated as follows: Santa Cruz, Tierra del Fuego, and Chubut will be apportioned 3 million pesos each; Rio Negro, La Pampa, Neuquen, and Salta will be allotted 2.5 million; Catamarca, Formosa, Jujuy, La Rioja, San Juan, Santiago del Estero, Tuciman, MIsiones, Mendoza, and San Luis will be allocated 2.2 million; Entre Rios, 1.8 million; and Cordoba and Santa Fe, 500,000 pesos each to fund railway services.

- The federal government guarantees the monthly appropriation "floor" of 725 million pesos for the provinces. This amount will be paid to the provincial governments in advance and will be countervailed by the surplus obtained in the following months, when the provinces' appropriations exceed the above-mentioned amount. The guarantee clause will be in force until December 31, 1993.

- The federal and provincial governments commit themselves to make every endeavor in order that their 1993 expenditures do not exceed 10 percent of this year's expenditures. [sentence as published] Provinces must draw up their budget estimates bearing in mind that the gross federal tax revenues for 1993 will amount to 10.89 billion pesos. What is left of this figure may be earmarked only for paying off debts contracted before this agreement or for funding capital expenditures.

- As of September 1, the federal government will automatically transfer to the provinces the funds of FONAVI [Federal Housing Fund], COFAPYS, FEDEI[expansions unknown] and the Federal Railway Fund in the amounts agreed upon.

- FONAVI funds will be allocated according to the 1989 ratios (Resolution 765 issued by the Housing Secretariat). Provinces shall respect the agreement signed by the Public Health and Social Action Ministry, the provincial governments and the CGT [General Confederation of Labor].

- The federal government pledges never to deduct from the federal tax revenues additional amounts or percentages of money to the ones agreed upon, or to transfer new obligations without the express consent of the provinces.

- Both the federal and provincial governments will encourage Congress to pass laws concerning the reform of the national pension system, the administration of hydrocarbon resources by provinces, the privatization of YPF [Government Oil Deposits], the reform of the law chartering the Central Bank, the reform of the financial administration, and management oversight.

- The necessary steps will be taken for the privatization of the Argentine Mint, the National Savings and Insurance Fund, and the National Development Bank. Fifty percent of the proceeds from those privatizations will be earmarked to fund provincial government reform, and—as of the date of the signing of the agreement of the articles—a one-year extension of the laws pertaining to the administration reform and to the economic emergency.

- The agreement will be in force until December 31, 1993, though the provincial and federal governments commit themselves to continue to jointly fund the retirement pensions system. To this end, 15 percent of the amount of the federal tax revenues will be earmarked until a new agreement between the parties is signed or a new federal appropriations law is passed.

Menem on New Agreement

PY2208190892 Buenos Aires TELAM in Spanish 0223 GMT 19 Aug 92

[Text] Buenos Aires, 19 Aug (TELAM)—President Carlos Menem said tonight that with the signature of the agreement on coparticipation betwen the central and provincial governments, the provinces "ensured their freedom to live with an authentic and real federalism" that will allow them to "grow and become powerful."

In his speech delivered during the Government House ceremony where the document was signed, Menem said the pact "is clearly revolutionary," and that it "consolidates the federalization process" in Argentina by offering "huge possibilities of growth and of developing our countryside without the anguish we have experienced in other times."

Interior Minister Jose Luis Manzano and Economy Minister Domingo Cavallo agreed to emphasize "the generosity through understanding" reached between the central and provincial governments, which "makes us feel proud."

Chubut Governor Carlos Maestro, who spoke on behalf of the provincial governors, pointed out that the pact "strengthens the ties of friendship and solidarity among all provinces."

In addition to Menem and the governors, Cavallo, Manzano, Presidency Secretary General Eduardo Bauza,

and Buenos Aires Mayor Carlos Grosso also signed the document during the ceremony held at the Government House Conferences Hall.

Cordoba Vice Governor Edgardo Grosso represented Governor Eduardo Cesar Angeloz. Vice Governor Grosso signed the document with restrictions. San Luis Vice Governor Bernardo Quinzio signed the document on behalf of his province's Governor Adolfo Rodriguez Saa.

Menem said that with this new pact and the Lujan Agreement—which was signed at the beginning of his administration with the governors—and the debt compensation agreements already reached, "the provinces have become free to live with an authentic and real federalism, which will make them grow and become powerful."

He explained that this "must be accompanied by crucial points of view: we must not (repeat not) only govern, but also administer the resources that we will be obtaining little by little" through the exploitation of "Argentina's huge natural resources potential."

Menem then gave thanks for the gesture "of solidarity and generosity of the largest provinces, and of all provinces in general." He said that although the agreement "can be improved," it allows a "swift, positive answer to the most needy sectors of our community, such as that of retirees and pensioners."

After pointing out that the agreement allows for "making real an old national dream," Menem asked that "those who, because of their own failure believe the government might possibly fail, and to the governors and everyone else, not give up this dream and this attitude."

Menem said that "in this Argentina that all of us are building, the usual birds of ill omen, and the birds of ill omen of the present will be totally displaced, not by words but by the categorical facts that we are producing."

Chubut Governor Carlos Maestro, who spoke before Menem, took the floor on behalf of governors, emphasizing the agreement, which "strengthens the ties of friendship and solidarity among all provinces."

He emphasized that "this commitment by the provinces should be coupled with an attitude on the part of the nation, in order to jointly improve control on planning and regional development policy implementation."

Maestro pointed at the "absurdity" of the current social security system, in which there was only one active worker per retired worker. He also mentioned the "mistakes of several governments, which abused retirement funds."

He added that "Argentine provinces decided to play an active role, for which reason we reached this new federal accord with which we will respond" to a neglected group of the population—alluding to retired workers and pensioners.

He then referred to the "humble contribution" of the provinces and to the need to "continue to work jointly, because we are working for unity," to benefit all inhabitants of Argentina.

Economy Minister Domingo Cavallo and Interior Minister Jose Luis Manzano then took the floor to point at the "generosity for the undertanding" reached by the nation and the provinces, for which "we are proud."

Cavallo admitted that "debates were noisy but were based on the determination to help resolve the most urgent problems," adding that "we are undertaking the great [words indistinct] retired workers, who are already receiving it without having to resort to trials."

After saying that "justice is being made to retired workers," the economy minister said that "federal, republican and representative democracy is in full force, and all of us—the nation and the provinces—are facing problems to resolve them."

Minister Manzano recalled President Menem's call "to consider the debt that we owe to all old men and that was impossible to pay," and that in the final analysis was "a debt owed to the entire society."

He said he wanted to "thank and congratulate" ministers, governors, and the president for their efforts toward fulfilling the commitment that the state assumed over the debt that the state owes to retired workers and pensioners.

Minister Insists on Recycling Condor-2 Motors

PY2208202492 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1426 GMT 21 Aug 92

[Text] Buenos Aires, 21 Aug (NA)—U.S. diplomacy is maintaining its pressure on the Argentine Government so that it will destroy the 14 motors of the Condor-2 missile, after high-ranking Foreign Ministry sources and Defense Minister Antonio Erman Gonzalez admitted yesterday the government's decision to recycle the components of the ballistic missile.

Although U.S. Ambassador Terence Todman categorically denied this pressure, as he reasserted that "there is nothing to discuss" about the project, sources quoted by a Buenos Aires daily said that the U.S. diplomat reiterated to Gonzalez the U.S. demand to destroy the solid fuel powered motors.

Todman yesterday met with Gonzalez for 40 minutes, but after the meeting the ambassador said that the Condor issue "was sufficiently discussed and resolved."

According to Ambassador Todman, the meeting was centered on "all the subjects the minister discussed during his recent visit to the United States."

Yesterday evening Andres Cisneros, Foreign Ministry chief of staff, admitted the Argentine Government's intention to recycle the 14 motors of the Condor-2 missile, built in Falda del Carmen. He also categorically denied a report published in THE NEW YORK TIMES about the alleged "theft" of the materials by some Argentine Air Force officers, in order to "keep it safe" from the government's decision to destroy the missile components.

According to THE NEW YORK TIMES, the military men "hid" the components of the missile guidance system, to prevent their destruction, in connivance with the Defense Ministry which "would ignore" the theft.

Cisneros denied the report, and said that the recycling of the Condor-2 motors will be a "political victory" for the Argentine Government.

The sources consulted by the Argentine daily say that the U.S. Government suggested three way to destroy the ballistic missile components.

The first proposal is to allow the Americans to take the motors away from Argentina. This possibility can hardly be applied, the sources said, because it would harm the Argentine image.

The second proposal is to fill the motors with cement in order to leave them inoperative, as stated in THE NEW YORK TIMES article.

The last proposal suggests that the motors be blown up in an underground site, a procedure used to destroy powerful weapons.

According to the sources, the U.S. Government offered financial and technical assistance.

Gonzalez, the sources say, yesterday insisted to Todman on the Argentine decision to recycle the solid fuel powered motors for peaceful purposes, as Cisneros had told the media, although he clarified that the Condor-2 is dead as a missile.

The motors, according to the daily, may be used in developing civilian satellites.

Bolivia

Bilateral Agreements Signed With U.S.

PY2208204092 La Paz Television Boliviana Network in Spanish 0030 GMT 22 Aug 92

[Excerpts] Bilateral agreements between the governments of Bolivia and the United States were signed at noon today, 21 August, at the Foreign Ministry. These agreements will mean for Bolivia a little more than $190 million in support of the balance of payments and alternative development. [passage omitted]

Moreover, Foreign Minister Ronald MacLean Avaroa called these agreements some of the most important steps the country is taking in its bilateral relations with the United States. [passage omitted]

Congress Asked To Authorize U.S. Troops

PY2108183492 La Paz Television Boliviana Network in Spanish 1700 GMT 21 Aug 92

[Excerpts] President Jaime Paz Zamora has sent a letter to Congress requesting Constitutional authorization for the presence of U.S. soldiers in Beni, and requesting the approval of a law to authorize the presence of foreign troops in Bolivia in the future.

The letter specifically deals with Paragraph 15 of Article 59 of the Constitution, which sets forth that Congress can authorize the presence of foreign troops in Bolivia, and that it can establish the length of time during which they can stay in the country. [passage omitted]

The plenary session of Senators and Deputies will not authorize the presence of military troops until the Senate concludes the questioning of three ministers who ignored the need for Congressional authorization.

Brazil

Details of CPI Final Report To Be Released

PY2108223492 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Aug 92 p 4

[Text] Brasilia—The presentation and reading of the final report by the Congressional Investigating Committee (CPI) which is investigating the charges against businessman Paulo Cesar Farias, PC, has been postponed by two days. It will be released on 24 August at 0930, with live television coverage. The report includes an exclusive chapter on the links between President Fernando Collor and PC, based on the checks deposited by ghosts in the account of secretary Ana Acioli related to the purchase of President Collor's Fiat Elba by ghost Jose Carlos Bonfim, and on the remodeling of the Casa da Dinda [presidential residence].

The postponement from 22 to 24 August was approved yesterday by Congress President Senator Mauro Benevides (PMDB-CE) [Brazilian Democratic Movement Party—Ceara] in answer to a request made by PCI President Deputy Benito Gama (PFL-BA) [Liberal Front Party-Bahia]. The postponement was made because of the delay in getting the international auditing on the PC companies prepared by Kroll Associates—which was delivered yesterday—and the need to carry out further investigation into the origin of the resources deposited in the ghost accounts discovered by the CPI.

The lack of this information affected the work of coordinator Senator Amir Lando (PMDB-RO) [PMDB-Roraima]. Yesterday he concluded the first version of the report. The second version must be ready today, and will include new information on the involvement of the president of the Republic with businessman Farias.

Lando will include the information received in the last few days on the remodeling of Casa da Dinda at a cost of $10 million (about 48 billion cruzeiros) which was personally authorized by PC before Collor was inaugurated. The chapter on the president is mainly based on the testimony of driver Francisco Eriberto. He disclosed that he picked up checks and money from Brasil-Jet, a PC company, and handed it over to secretary Ana Acioli, who made the payments on Casa da Dinda. In the chapter on Collor, Lando says the information given by the driver was confirmed with the breaking of bank secrecy on the accounts of the secretary and the ghosts.

Gama assured Benevides that the delay will not change the date established for voting on the report, which is scheduled for 26 August. According to the new schedule, Lando will hand over the original report on Sunday, 23 August, at 2200, to the Senate printing shop in order to have the first copies available to the CPI members at 0930 on 24 August.

The postponement pleased both the opposition and the government. The opposition was afraid of receiving an incomplete report, which would have allowed those allied with Planalto to refute parts of the investigation. The government supporters said they received more time to prepare an alternative report, according to Deputy Roberto Jefferson (PTB-RJ) [Brazilian Labor Party-Rio de Janeiro].

The two sides are now loading themselves with arguments on the basis of incorrect numbers in the bank account of Ana Acioli, President Collor's secretary. First reports indicated that the account had reached $9 million, but in reality it was $2.5 million. Jefferson therefore requested an external auditing to check on the work of the banks subcommittee. The request was rejected by Gama on the basis of lack of time.

The request caused the immediate reaction of Senator Jose Paulo Bisol (PSB-RS) [Brazilian Socialist Party-Rio Grande do Sul] who is the subcommittee's coordinator. He said: "I will not allow a minor deputy to investigate my work."

New Evidence Discovered

PY2208033192 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 21 Aug 92

[Excerpts] The CPI [Congressional Investigating Committee] has discovered that President Collor's secretary Ana Acioli and Paulo Cesar Farias, alias PC, withdrew large amounts of money on the eve of Collor's installation. The CPI also confirmed that PC earmarked $10 million to renovate the Casa da Dinda [presidential residence]. The CPI bank subcommittee also focused on the checks issued by the ghosts.

Criminal Studies Institute experts concluded that Rosinete Melanias, Jorge Bandeira, and Giovani Carlos de Mello, all of whom are linked to PC, acted as ghosts. The experts also proved that Marta Vasconcellos and Melanias provided their signatures for the ghosts. [passage omitted]

Investigators discovered bank statements issued in March 1990, when the new cruzados were frozen. They proved that contrary to all other Brazilians, PC and Acioli were not thrown off guard. According to the bank subcommittee Acioli withdrew almost 2.5 million new cruzados from the Mercantile Credit Bank in Brasilia on 13 March 1990. Over 94,000 new cruzados were left in the account. PC carried out a similar operation. [passage omitted]

Bomb Threats Made

PY2208182392 Rio de Janeiro Rede Manchete Television in Portuguese 1730 GMT 22 Aug 92

[Report by Luiz Carlos Pinto from Brasilia]

[Text] Security measures have been tightened in Congress since this morning. There are 100 members of the Military Police outside the building and security inside the building has become much more strict. No one is allowed inside the building without identification.

Senator Mauro Benevides, National Congress president, has reported that six telephone calls were received at 0300 [0600 GMT] this morning reporting that a bomb had been placed in one of the rooms used by the CPI [Congressional Investigating Committee] working on the Paulo Cesar Farias [PC] case. The callers also warned that the CPI will not be able to vote on the report.

Benevides noted, however, that nothing will jeopardize the work of the CPI.

[Begin Benevides recording] We will not yield to any intimidation against the National Congress. This has been an act of disrepect, an affront to the institution. I am here this morning to tell the Brazilian people that I will not permit this congressional investigation to be curtailed in any way, and that it will carry out its task with the utmost seriousness. [end recording]

The CPI continues to work normally. The banking subcommittee announced today that two more ghosts have been discovered. One of them, a 21-year-old young man, conducted operations totaling 11.1 billion cruzeiros in July alone. The CPI also identified two companies that have been supplying funds to ghosts of the PC scheme.

[Begin Deputy Aloisio Mercadante recording] We have already identified the following: The first one is (COS), which is a company that basically brings resources from the British Virgin Islands—a tax shelter paradise—and which has supplied funds to some ghosts. The second one, (Spread)—which operated earlier on the Brazilian market and caused the market to lose a few million dollars—was used for some time to supply funds to the PC scheme. [end recording]

Report Under 'Maximum Security'

PY2308033392 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 22 Aug 92

[Text] The CPI [Congressional Investigating Committee] has decided to include in its final report the names of all those who supplied money to Paulo Cesar [PC] Farias. The final report is being drafted under maximum security measures after a computer virus destroyed part of the report on PC Farias.

[Begin recording] [Correspondent Delis Ortiz] Ghosts do not scare anyone anymore, but this morning the CPI was frightened. It was after midnight when Michelangelo attacked, at the exact time when Deputy Jose Paulo Bisol was drafting a summary of PC Farias' testimony. The keyboard refused to accept any command and the memory was destroyed. In an effort to save the work Deputy Miro Teixeira accessed another computer; Michelangelo appeared.

[Teixeira] We summoned technicians (?assigned to this area of the building) and their diagnosis was that almost all the computers here were affected by a virus.

[Delis Ortiz] Michelangelo is not a new ghost. It is a computer virus. According to computer analysts this virus was programmed by someone familiar with the (?Prodacen) system, so much so that the individual was able to dodge the anti-virus program. Michelangelo was well lodged, awaiting the right time to attack.

[Senator Amir Lando, CPI coordinator] This slight problem, which we believe was sabotage, is all part of the rules of the game. We have to be ready to face any problems, including this one, which was completely unexpected.

[Delis Ortiz] Do you have any idea what would have happened if the report had to be read today?

[Lando] It would have had fatal consequences because it would have been very difficult to redraft the entire text of the report.

[Delis Ortiz] The work on the drafting of the report was only normalized by late this morning. People are now working on the computer under maximum security measures. Every two hours there is a spot check of the system to avoid any dangers.

Despite the scare, the CPI subcommitee on banks continues to pursue other ghosts, and today it discovered a new one. His name has been kept secret, but he is being identified as the horseman because he rode high on bank accounts. According to legislators, only last month this ghost received a check for 11 billion cruzeiros.

The legislators also have found at least two sources of resources for the PC scheme: The (?Cosp) Financial Trading Corporation, in the British Virgin Islands; and the [name indistinct] Commodity in Sao Paulo.

Another group of names of ghosts and other sources will be supplied to the federal attorney general's office. [end recording]

Report Implicates Collor

PY2308011892 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 22 Aug 92

[Report by correspondent Alexandre Garcia from Brasilia]

[Text] The CPI [Congressional Investigating Committee] team will work all night on the CPI report. Despite this effort the conclusions reached by the Banks Subcommittee and the Fiscal Subcommittee will be the last to be included, because of the findings made in the last few hours.

A few minutes ago the CPI president and coordinator distributed the first 30 pages of the report for all CPI members. The report shows that the investigation proves that the ghost deposits did not come from the loan made in Uruguay, because they are not from Najun Turner [exchange broker who allegedly sold gold obtained by Farias], but from the so-called PC [Paulo Cesar Farias] scheme, which paid the expenditures of the Casa da Dinda [Collor's private residence] and of people linked to the president. The CPI report will be read at 1000 on 24 August in the Petronio Portela auditorium. It will be debated on 25 August, and on 26 August its conclusions will be voted on—and should be approved, as the opposition has a majority on the committee.

Regarding the conclusions of the report, the CPI coordinator is taking care not to mention the president of the Republic directly, so as to prevent the government from arguing the unconstitutionality of a committee that was created to investigate Paulo Cesar Farias.

The coordinator is saying that although the CPI did not investigate the president of the Republic, it did find evidence linking him with the PC scheme when Paulo Cesar Farias was investigated. Without mentioning the articles of the laws that were violated, the coordinator will explain the nature of the crimes in which evidence linking the president with the so-called PC scheme was found. For example, the crimes are: passive corruption crimes, forging of documents, formation of criminal gangs, tax evasion, and prevarication. According to the coordinator, this conclusion is an open door for the attorney general of the Republic to enter a case of common crimes, and to submit an impeachment [preceding word in English] request to the Chamber of Deputies on charges of malfeasance.

Investigation 'Unconstitutional'

PY2108211992 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Aug 92 p 5

[Text] Brasilia—The president of the Republic's activities cannot be investigated by the CPI [Congressional Investigating Committee] created to investigate charges

against Paulo Cesar Farias [PC]. This is the conclusion of attorney Saulo Ramos, a justice minister during the Sarney administration, who was commissioned by Gilmar Ferreira Mendes, the Planalto Palace legal counsel office chief, to eventually defend President Fernando Collor. Ramos' judgment was obtained exclusively by the Estado Agency.

According to Ramos, if the CPI concludes that Collor has been involved in the crimes allegedly committed by PC, the congressmen would be participating in two unconstitutional activities: investigating events beyond the limit established by Congress, and defrauding Article 51 of the Constitution banning the institution of proceedings against the president without a previous authorization by the Chamber of Deputies.

Press Secretary Denies Resignation Rumors

PY2208003492 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 21 Aug 92

[By correspondent Luis Augusto Mendonca at Planalto Palace]

[Text] Presidential Press Secretary Etevaldo Dias a few minutes ago denied reports that the justice minister, the foreign minister, and the science and technology secretary are willing to tender their resignations.

Dias said that these reports are groundless. He added that Science and Technology Secretary Helio Jaguaribe said today during his regular meeting with President Fernando Collor that these reports are absolutely groundless.

Concerning the CPI [Congressional Investigating Committee], the press secretary said the answers to the conclusions of the CPI will be given at a political level, that is, by the leaders and congressmen who support the government in Congress.

Dias then concluded by referring to remarks by PT [Workers Party] Deputy Aluizio Mercadante that PC Farias and Secretary Ana Acioli had taken out money two days before the freeze on accounts on 15 March 1990. Dias said that the government will not make any comment until it sees evidence confirming these accusations. He added that Mercadante is not reliable.

The presidential press secretary also referred to the salary equity for civilian public employees. He said that this will be announced on 26 August, and that the employees will receive their readjustments only through a supplementary document.

Marques Denies Rumors

PY2208024492 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 21 Aug 92

[Excerpts] Economy Minister Marcilio Marques Moreira today had lunch with 400 businessmen, members of the Sao Paulo American Chamber of Commerce. He condemned rumors of his possible resignation, and lamented the lack of publication of important government initiatives. [passage omitted]

In denying rumors that he would leave the government, and to stress the need to work, the minister used the image of a Navy ship commander:

[Begin Moreira recording] We must carry out our task whether it be in calm or in turbulent waters. It is not the captain of the ship, the commodore, or the manager of the economic sphere who chooses the character of the water. The captain must face those waters the way they are. So in either turbulent or calm water those who are responsible for the control of economic policy must hold the helm with an even firmer and more serene hand, and with an even stronger mind concerning the course to follow and to keep. [end recording]

In a brief news conference the minister tried to explain the reasons for rumors about new economic packages:

[Begin Moreira recording] I attribute this to irresponsible people, who once again want to spread rumors, perhaps to receive some benefits. But there is absolutely nothing to this. [end recording] [passage omitted]

Opposition To Promote Collor's Impeachment

PY2108184292 Rio de Janeiro O GLOBO in Portuguese 20 Aug 92 p 3

[The word "impeachment" published in English throughout]

[Text] Brasilia—The presidents of opposition parties met on 19 August and the following decisions were made: to avoid partisan connotations in an attempt to attract dissidents from the official parties; the use of clips [preceding word in English] in the municipal election programs to call protest demonstrations; and to give priority to the struggle for President Collor's impeachment as related to private interests in the municipal elections.

Only the PDT [Democratic Workers' Party] did not attend the meeting which dealt with the opposition strategy to secure the two- thirds vote required to approve the impeachment request that will be presented as soon as the report of the CPI [Congressional Investigating Committee] that is investigating the PC [Paulo Cesar Farias] case is presented. PSDB [Brazilian Social Democracy Party] President Tasso Jereissati did not attend the meeting, but Senator Fernando Henrique represented him.

The problem of the impeachment request was resolved once OAB [Brazilian Attorneys Association] President Marcelo Lavenere decided to be involved in drawing it up, and so the presidents of the opposition parties mainly dealt with popular rallies. Deputy Francisco Silva (PST-RJ) [Social Workers Party-Rio de Janeiro

State] was responsible for the best slogan [preceding word in English] for the electoral programs: "The mourning is over, now it is time to struggle." [Acabou o luto, agora e luta]

Although the call will be made through television programs, the opposition parties decided that nothing too dramatic is needed because the people are already predisposed to protesting, as witnessed on 16 August when thousands of people took to the streets dressed in black, calling for Collor's impeachment.

PT [Workers Party] President Luis Inacio Lula da Silva said: "We now believe government support is disintegrating and that the two-thirds required for the impeachment can be achieved. Nevertheless, we do not want to portray our movement as an opposition movement alone. We are interested in talking to the whole of society."

PMDB [Brazilian Democratic Movement Party] President Orestes Quercia said: "The time to tally votes has still not arrived. Public opinion has overcome its apathy and this is the most important thing."

'Broad National Accord' Plans for Ouster

PY2108211192 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Aug 92 p 5

[Article by Dora Kramer]

[Text] Brasilia—A broad national accord—which will include the creation of a commission of prominent citizens who will directly negotiate with President Fernando Collor on his stepping down from government, without impeachment [preceding word in English]—will be created as of 26 August to prepare for a transition government under Vice President Itamar Franco. On that day, the Congressional Investigating Committee (CPI) of the PC [Paulo Cesar Farias] case will release its report, during a solemn ceremony in Congress.

Fernando Henrique Cardoso, PSDB [Brazilian Social Democracy Party] Senator for Sao Paulo, said on 18 August that "Collor can no longer be saved." He said this a few minutes after leaving the office of former President Jose Sarney. "The country will no longer be governable in 10 weeks," he noted.

The idea of creating a commission of prominent citizens emerged because it was noted that the president will have to step down before the end of the impeachment process, scheduled for July 1993, and because of the certainty that he will not resign of his own free will. An accord coordinator said the following: "He will have to be made to resign." The idea is that prominent persons from various groups—there are plans to even designate a cardinal to the commission—will ask the president to resign, in exchange for amnesty in all the charges that may be pressed against him, but demanding punishment of all others involved.

The accord, which until last week was confronting problems because of disagreements between opposition parties, was strengthened by the street demonstrations on 16 August. Bearing in mind that the largest capital cities repelled Collor's green and yellow [Brazilian flag colors] appeal, and that the number of deserters in the group that supports the government has increased, the opposition has concluded that the government's tenure has reached a point of no return. The "D" day is expected to be on 26 August, because ministers and state secretaries are expected to begin resigning as of that day—something that, if confirmed, will weaken the president's position even further.

The opposition takes for granted that Health Minister Adib Jatene, Foreign Minister Celso Lafer, and Secretary of Culture Sergio Rouanet will resign. Opposition leaders believe that Minister Secretary of Government Jorge Bornhausen has already made signs that he will not side with Collor until the end. In fact, he has allowed allies like Santa Catarina Governor Vilson Kleinubing and Deputy Governor Antonio Carlos Konder Reis to publicly debate on the possibility of breaking with the government.

After the formal presentation of the CPI work to society, the accord's timetable provides for a legal battle in the Chamber of Deputies over the possibility of authorizing the impeachment by a fifty-plus-one vote. The timetable then provides for a large popular demonstration demanding Collor's stepping out. From then on, as in the campaign for direct elections in 1984, posts will be deployed in various parts of the country for gathering signatures. Simultaneously, parties will join representative organizations and social classes, such as businesses, the church, and unions in order to give feasibility to a transition government and to guarantee that everyone will participate, even those government officials who desert Collor.

Anti-Collor Marches Held 19, 21 Aug

PY2208150192

[Editorial Report] Sao Paulo FOLHA DE SAO PAULO in Portuguese in its 20 August edition on pages 1 and 6 carries reports on anti-Collor demonstrations held 19 August in various cities.

In a 120-word unattributed report datelined Vitoria, Espirito Santo State, the newspaper says about 3,000 secondary school students yesterday blocked traffic in downtown Vitoria, supporting the impeachment of the president of the Republic. The report says the key slogan was "Get Out Collor, Now." According to the report, local secondary school students leader Rogerio Tristao said yesterday's march represented preparation for a larger demonstration scheduled for 25 August.

In a 150-word unattributed report datelined Rio de Janeiro, the newspaper reports that about 200 artists and

intellectuals participated yesterday afternoon in a demonstration sponsored by the Movement of Angry Citizens, demanding President Collor's impeachment. Theater expert Augusto Boal is quoted as saying that "Our people want Collor out of the government and inside a jail, with the special privilege of having his wife next to him."

In a 150-word report datelined Sao Paulo and attributed to Luis Henrique Amaral, the newspaper reports that about 2,000 artists marched against President Fernando Collor yesterday afternoon. The reports says "the artists want the people to take to the streets to support President Collor's impeachment."

In a 120-word unattributed report datelined Salvador, Bahia State, the newspaper reports that about 20,000 people, according to sponsors' estimates, or 12,000 people, according to military police estimates, participated yesterday in a demonstration in downtown Salvador in support of the impeachment of President Collor. The report adds that the demonstrators—most dressed in black—were greeted by residents as they marched and that the residents were waving red flags and black ribbons. CUT, Sole Workers Center, leader Jair Meneghelli is quoted as saying that "the people's indignation gradually became a demonstration" and that Brazilians no longer accept being governed "by corrupt people." The report concludes by stating that trade union, political, and student leaders made speeches at the municipal square, asking for the president's impeachment.

Madrid EFE in Spanish at 0739 GMT on 22 August carries a 650-word report on popular demonstrations against President Collor. The report says about 40,000 students demonstrated in downtown Rio de Janeiro, criticizing the government's corruption by singing "mocking" songs, shouting "ironic" slogans, and wearing black clothes. The report adds that in Campo Grande, the capital of Mato Grasso do Sul State, 20,000 people dressed in black last night asked for the president's removal.

First Lady's Secretary Indicted for Embezzlement

PY2208151592 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 22 Aug 92

[Text] Secretary Maria Isabel Teixeira, who worked for the first lady, has been indicted by the Federal Police. She was charged with being the principal in the second degree in the crimes of fraud, embezzlement, and illegal association for unlawful purposes. The crimes were investigated by inspector Helio Nogueira Motta, who is investigating irregular LBA [Brazilian Welfare Legion] funds transfers to the Canapi Pro-destitutes Association [Associacao Procarente de Canapi] in Alagoas State. According to the Federal Police, in current terms, the money involved represents 1 billion cruzeiros.

Impeachment Demands Called 'Struggle for Power'

PY2208184192 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Aug 92 p 5

[Excerpt] Brasilia—Speaking during a luncheon hosted yesterday by the National Confederation of Commerce (CNC), Minister Secretary General of Government Jorge Bornhausen said that the demonstrations demanding the impeachment [preceding word in English] of President Fernando Collor are disguising a struggle for power. Bornhausen said: "Those who have not had the patience to wait for an appropriate evaluation of the legal situation—upon the conclusion of the investigations—have actually gone beyond a political struggle; they want to engage in a struggle for power." He said that it was "good" that businessmen decided to use black napkins at the lunch reception. "Considering that businessmen are dissatisfied with government-set prices, price levels have been set by law," he said.

Bornhausen praised Vice President Itamar Franco's behavior by saying that "he has said nothing about the struggle for power, and his position has been very appropriate, as befits his post." However, Bornhausen declined to comment on the end of alliances, like that with PDT [Democratic Labor Party] leader Leonel Brizola, the governor of Rio de Janeiro. He said that Collor has guaranteed the governability of the country by "exercising power." He said he believes that a commission of his colleagues will not ask the president to resign. "Resignation is a unilateral act of will," he said.

After the reception, CNC President Antonio Oliveira Santos said that "it does not matter who is president or who is in the Economy Ministry, provided the economic policy remains unchanged." He believes that the worst risk posed by the crisis is the modification of the implementation of the economic reform. Yet he noted that the commercial area "cannot tolerate corruption, robbery, malfeasance, and tax evasion." [passage omitted]

Economy Minister Will Not Give Funds for Votes

PY2208175492 Rio de Janeiro O GLOBO in Portuguese 21 Aug 92 p 4

[Excerpt] Brasilia—Economy Minister Marcilio Marques Moreira has adopted two measures consistent with the main objective he has pursued since the start of the political crisis provoked by the Congressional Investigating Committee [CPI] on businessman Paulo Cesar Farias; that is, to keep the country governable. The two measures are: He will not disburse additional funds that could be used as a political payment for votes against President Collor's impeachment, and he will continue to criticize Congress for delaying approval of the fiscal adjustment and other economic reforms by devoting all of its attention to the CPI investigations.

In line with his concern for keeping the economy functioning without disruptions, Marques Moreira has decided to maintain his long-term plan. Today, he is

assigning priority to concluding an agreement on the country's debt which, in his opinion, is a major factor in keeping the country governable. [passage omitted]

Economy Minister Warns of 'Power Vacuum'

PY2308022092 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Aug 92 p 5

[Article by Rosangela Bittar—the word "impeachment" published in English throughout]

[Text] Brasilia—Economy Minister Marcilio Marques Moreira is referring to the dangers of a "power vacuum" to justify his political reform proposals and the contacts he is making to guarantee the balance of the economy during an eventual impeachment process.

The conversations held by the minister with politicians and businessmen are aimed at insuring that guarantee during the two years still ahead before new elections are held, even if Marques Moreira leaves at the conclusion of the impeachment process. Marques Moreira believes that the "power vacuum" is not linked solely to the eventual ousting of President Fernando Collor.

The minister explained: "I know what it is like. I already worked for two years in the 1960's with that risk. The 'power vacuum' can persist even after the eventual installment of Vice President Itamar Franco, or if the top positions are left vacant with the resignation of the president and of the vice president and a call for general elections." If Itamar Franco takes over the presidency without solid political support, the possibilities for governing are threatened. The same thing will happen with a lack of preparation for a new election in the country on the part of candidates, parties, and the electorate.

This is why Marques Moreira believes that it is necessary that responsible people try to draw up a solid project, guaranteeing the governability of the country. The political reforms must cover studies on the system of government, the electoral code, and a national project, drawing the largest possible number of supporters.

Stock Markets React to Collor Resignation Rumors

PY2208173492 Sao Paulo FOLHA DE SAO PAULO in Portuguese 20 Aug 92 Section 1 p 16

[Excerpt] There was an unusual atmosphere yesterday at the stock exchanges. They closed with a growth trend, driven by strong rumors in the financial market regarding the resignation of President Fernando Collor de Mello. However, a rumor or a report of that type should have caused share prices to drop.

The Sao Paulo and Rio de Janeiro stock exchanges closed with upward trends of 6.6 and 6 percent, respectively. This behavior is similar to the trend observed after the resignation of former Economy Minister Zelia Cardoso on 8 May 1991. One day after she tendered her resignation, the Sao Paulo stock exchange closed with a 5.8 percent upward trend.

Stock exchange trends reflect investors' expectations. The Collor scandal has been a disaster for the shares' market, which needs a reliable situation to do business. The undermined presidential political power has led investors to consider a political picture without Collor but with Economy Minister Marcilio Marques, trying to end the current instability. [passage omitted]

More on Exchange Markets

PY2208191892 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Aug 92 Economics Section p 1

[Article by Angelo Pavini]

[Excerpt] Despite the fact that the Central Bank has again advised the market that it has enough currency reserves to maintain a stable exchange rate, the black market dollar rate yesterday registered a remarkable increase, with a closing selling rate of 5,500 cruzeiros, 3.38 percent above the previous day's level. The gap between the black market rate and the commercial dollar rate grew to 14.64 percent, the largest figure since November. Gold, another shelter for investors during uncertain times, grew by 1.98 percent at the Commodities and Futures Exchange (BM&F), closing at $57.77 per gram. After a strong increase on 18 August, exchange markets began operations with a downward trend. In Sao Paulo, the Bovespa [Sao Paulo Stock Exchange] index, which measures price trends of the main shares of the market, registered a 5 percent decrease, followed by an increase that made the index end the day with a drop of 3.97 percent. In Rio de Janeiro, the drop was 2.81 percent.

The black market dollar rate increase and the drop in stock exchanges have been blamed on the nervousness spreading throughout the market, as the deadline for releasing the CPI [Congressional Investigating Committee] report on the PC [Paulo Cesar Farias] case approaches its conclusion. There are permanent rumors on ministers' ousters and changes in the economic policy. This has led investors to look for areas considered safe during crises. The Central Bank also ended up fostering the dollar rate increase by implementing two auctions for selling dollars to tourists, but only at the end of the day, at 1645 and at 1700. In these two auctions, the Central Bank agreed to a spread of 10 percent above the official dollar rate, that is, 3 percentage points above the average spread on the tourist dollar market. [passage omitted]

Chile

Defense Minister Praises Pinochet's Proposals

PY2208025792 Santiago Radio Cooperativa Network in Spanish 2300 GMT 21 Aug 92

[Text] Defense Minister Patricio Rojas said today that the reorganization of the armed forces is a constitutional responsibility of the president of the Republic.

Minister Rojas made a positive evaluation of the speech delivered by Army Commander General Augusto Pinochet announcing his ideas on the future of the Army.

[Begin Rojas recording] First of all, the proposals made by the Army commander are a very interesting and valuable contribution. econd, I agree with his appreciation of the current situation of the Army, which has a good level of education, a good level of training, an adequate supply of equipment, and an adequate deterrent capability in carrying out its defensive task in case of crisis. [end recording]

He added that he values the vision to introduce changes in the Army, in getting used to the trend of replacing quantity with quality.

[Begin Rojas recording] As Pinochet said, the proposals involve opening ideas to different social sectors. The official proposal to the government has another channel, and any decision is the exclusive responsibility of the president, who since 1925, and it was repeated in 1980 in accordance with the Constitution, is the only official who decides on the reorganization of the armed forces. [end recording]

Belisario Velasco, under secretary of the Interior Ministry, said that the proposals made by the Army chief are interesting. Velasco recalled that during its administration the government of President Patricio Aylwin has worked to maintain a good relationship between civilians and military men.

Aylwin Says State Not To Act on Exchange Rate

PY2208192592 Santiago Radio Chilena Network in Spanish 1100 GMT 22 Aug 92

[Text] In the town of Cabrero, President Aylwin said the government will not apply interventionist measures to hike the dollar exchange rate.

The president stressed that the government is concerned about keeping the dollar exchange rate at a level that will encourage exports. He warned, however, that the government will not resort to interventionist measures that violate the market rules in order to maintain the dollar exchange rate.

The head of state said this is a vicious circle because as the country increases its exports, it collects more dollars and the dollar exchange rate tends to decline. This is the reason for the Central Bank measures, he concluded.

Central Bank Announces Capital Investment Measures

PY2208211892 Santiago Radio Cooperativa Network in Spanish 2300 GMT 20 Aug 92

[Text] The Central Bank has announced new measures. Now it has opened a capital account for the AFP [Pension Fund Managing Companies] to invest abroad.

On 18 August the bank of issue decided to raise the interest rates as a way to moderate the economy's high level of expenditures, especially concerning investments. The Central Bank has done this in order to prevent, in the mid-term, a resurgence of inflation.

The Central Bank also included foreign loans in the minimum legal reserve system in order to discourage the entry of hot money.

On 19 August the Central Bank, through Camilo Carrasco, the Central Bank financial policy manager, announced that the AFP will be able to invest up to three percent of their funds abroad. This percentage represents $370 million, which is twice the amount that had been authorized so far.

The Central Bank also agreed to allow the foreign investors who swapped Chilean foreign debt notes for capital to purchase dollars on the free market. This immediately frees them from the minimum deadlines established for returning, that is, for taking capital or profits. In order to do this, foreign investors must pay to the Central Bank the equivalent, to three percent of the investments actually made, as established in Chapter 19 of the summary of international foreign exchange standards.

In conclusion, the Central Bank reported that investment trusts, which according to the aforementioned Chapter 19 had been excluded from the advanced withdrawals system [mecanismo de retiro anticipado] so far, will also be able to do this.

Five Alleged FPMR 'Terrorists' Arrested

PY2208210492 Santiago Radio Cooperativa Network in Spanish 2300 GMT 20 Aug 92

[Report by correspondent Mario Contreras from mobile unit]

[Text] Five alleged terrorists have been arrested by the investigative police as the result of an in-depth investigation conducted by trial Judge Gloria Olivares on the Manuel Rodriguez Patriotic Front [FPMR] Autonomous Faction. By virtue of an order issued by the judge to undertake a comprehensive investigation, investigative police officers were able to arrest on 18 August five people allegedly linked to the terrorist group. The people in custody are Alvaro Andres Herrera Caro and Jesus Herrera Diaz, who were arrested in the town of Lemus; Danton Henri Laffert LLanos and Aldo Gonzalez Benegas, who were arrested at a garage located at 1690 Salesianos Street; and Monica Gallardo Vallejos, who was busted at 909 Admiral Barroso Street.

This operation is part of a very important operation designed to break up the FPMR Faction. Of the aforementioned arrested people, it is thought that Monica Gallardo Vallejos and Jesus Herrera Diaz will be released within the next few days, for they are only relatives of the alleged terrorists.

Moreover, the two people who were arrested today in the shoot-out which claimed the life of Deputy Police Chief Jose Silva Alvarez might also be members of the subversive organization under investigation.

A prayer for the soul of the police officer is currently being said at the Arturo Alessandri Palma Police Academy. Alvarez was married and had three children. He had recently been promoted due to the conscientious discharge of his duties. His latest achievement had been the arrest of Juan Miguel Padilla Pimentel, who was the main accused in the Galastegui case.

Interior Minister Comments

PY2208214092 Santiago Radio Chilena Network in Spanish 1100 GMT 22 Aug 92

[Excerpts] Interior Minister Enrique Krauss has noted that it is a fallacy to say that there is no terrorism under a democratic system. He said he will support all actions to mete out justice in the case involving the killing of Investigative Police Deputy Inspector Jose Silva Alvarez. [passage omitted]

The police continue with their investigations, and have discovered part of the booty taken during a holdup at the Santander Bank in Cerrillos.

During a raid carried out on a house located at 8666 Angolmo Street, owned by one of the people detained during the clash, the policemen discovered 1.15 million pesos, a revolver that had been seized from a Santander Bank guard, and makeup materials such as wigs and cosmetics.

During another raid carried out in southwest Santiago, a third individual, who is also a Manuel Rodriguez Front member, was also captured. It has been leaked that an individual who is allegedly a leader of this extremist group was reportedly detained.

Colombia

DEA Plane Involved in Another Near Miss

PA2108230092 Madrid EFE in Spanish 2049 GMT 21 Aug 92

[Text] Cali (Colombia), 21 Aug (EFE)—A DEA plane was about to collide with an Avianca Airlines plane in which 120 passengers were traveling. The incident occurred near the airport in Cali, southwestern Colombia, on 21 August, authorities have reported. Civil Aeronautics (Aerocivil) said the DEA plane "crossed in front" of the Avianca plane, which was arriving in Cali from Santa Fe de Bogota.

This is the second plane incident involving a U.S. Government plane in Colombia in the last eight days.

A control tower official from the "Alfonso Bonilla Aragon" Airport in Cali said the Colombian plane was approaching the runway when the U.S. plane crossed its path.

The official said these kinds of incidents, technically called "near misses," take place "constantly and must be made known to the public." That is what Aerocivil must investigate.

The DEA plane was a "Beechcraft" twin-engine aircraft that was flying from Medellin, but its final destination was not reported, the official said.

The distance, the height, and the number of passengers in both planes were not reported.

On 13 August another Avianca plane nearly collided with a "C-130 Hercules" near the airport in Medellin, northwestern Colombia.

Gaviria on 'Airspace Violation'

PA2208163692 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 22 Aug 92

[Text] Cartagena—The problem of Colombian airspace violation will be solved with an international assistance plan, President Cesar Gaviria Trujillo has announced in Cartagena.

The president, who recently met with the governors of the Atlantic coastal area, pointed out that both civil aviation authorities and the Colombian Air Force have provided sufficient information on this key issue.

[Begin Gaviria recording, in progress] ...and the Colombian Air Force commander have adequately answered the questions. We hope that with the assistance plan for the next two years many of those problems will be solved. [end recording]

President Gaviria is staying at the Distinguished Guest House in Cartagena, where he will stay for two days.

Escobar Escape 'Causing Heads To Roll'

PA2208043992 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 2300 GMT 21 Aug 92

[Text] The domino effect continues to wreak havoc in the Armed Forces after Pablo Escobar's escape. It was learned on 21 August that the operations chief of the Military Police Battalion, which was in charge of security at the prison in Envigado, has been removed, and more officers are on the blacklist. Here is a report by Mirim Ortiz:

[Begin Ortiz recording] The first to fall were the commanders of the 4th Brigade and Police Battalion No.4 in Medellin. Today it was the turn of the operations chief of that battalion, which was in charge of the Envigado prison's security.

[Major William Jimenez] My case involved responsibility for what subordinates did or did not do. It is very difficult for one to enter an individual's mind and convince him that what he is going to do is wrong.

[Ortiz] Maj. Jimenez' dismissal was discovered after the defense minister had promised that no other officers would be removed as a result of this case. It was also learned that 13 other members of the 4th Army Brigade are on the blacklist. They include five captains who were commanders of the companies responsible for security at the prison, one sergeant, and seven soldiers.

Pablo Escobar's escape is not only causing heads to roll in the Colombian Army. The Colombian Air Force [FAC] is also paying its share. General Hernando Monsalve Figueroa, acting commander of the FAC, was the first to be removed. It was learned on 21 August that Colonel Edgar Lesmes, commander of the Catam base, has seen his aspiration to become a general frustrated when he was punished severely for not having the Citation airplane ready for the deputy justice minister and general director of prisons to fly to Medellin the day of Escobar's escape. According to the investigation, the airplane did not have fuel, the technician never arrived, and the keys had been misplaced. In the Air Force, the crew of the reconnaissance plane and the technicians who photographed the Envigado prison are also being investigated. According to the deputy justice minister, the photographs should have been taken during the day and not at night. [end recording]

Debate Begins at Senate on Escobar's Escape

PA2208141392 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1630 GMT 21 Aug 92

[Text] The debate on drug kingpin Pablo Escobar's jail is just beginning. Very serious accusations were made at the Senate on the night of 20 August. There were even charges that Former Justice Minister Jaime Giraldo Angel had acted questionably regarding concessions made to Pablo Escobar, which allowed Escobar to be jailed in a hotel. Here is a report by Adriana Ayala:

[Begin recording] [Ayala] A chain of improvisations surround the history of Pablo Escobar's surrender and later escape. The events are currently being debated acridly at the Senate. The parliament's investigatory committee concluded that the officials in charge of meting out justice to the drug trafficker acted with negligence and in an improvised manner. The parliamentarians presented new evidence at the debates. For example, they revealed that the town of Envigado, not the Justice Ministry, had authorized the construction at the prison and had covered its cost.

[Former Justice Minister Fernando Carrillo] The town intervened a great deal in the prison's administration and it was especially influential in instigating the difficulties that transpired in the legal process we investigated. This is especially true in relation to the construction carried out in the area.

[Ayala] Former Minister Jaime Giraldo Angel's actions in relation to the rental agreement signed with Pablo Escobar were said to be questionable.

[Senator Fernando Botero] The least I can say is that the actions were questionable and the best I can say is that they were naive and unsophisticated.

[Giraldo] I beg your attention, honorable senator. Please withdraw your epithets. I deserve as much respect as you do.

[Ayala] Former Justice Minister Eduardo Mendoza said he had only conveyed the order that the prisoners would be transferred in the next few hours. He said he did not know if the transfer was legal.

[Mendoza] [Words indistinct] without a transfer order. [words indistinct]

[Unidentified person] [Words indistinct]

[Mendoza] I do not know.

[Ayala] Senator Fernando Botero has revealed that beautiful women guarded the jail and that Popeye's [a fellow prisoner of Escobar's] relatives were also guards.

[Botero] The people were hand picked by Pablo Escobar. We [words indistinct] were able to establish that several guards were relatives of Mr. Popeye, Mr. Mugre, and Mr. Garra. We established this to be a fact during our visit. [end recording]

Escobar's Statement Read

PA2208134592 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1630 GMT 21 Aug 92

[Text] An unusual document by Pablo Escobar was revealed at the 20 August parliamentary debates. In February the drug trafficker made a written statement for the Justice Ministry. In it, Escobar stated that the prison at Envigado did not even have bars, sentry boxes, or doors when he arrived. He asserted that the prison at Envigado had not been built as a prison. The following are Pablo Escobar's statements, which were read at the Senate by former Justice Minister Fernando Carrillo:

[Begin Carrillo recording] [Word indistinct] of Pablo Escobar on 25 February 1992. He is asked to describe the conditions at the jail when he arrived. He answers as follows:

Workers were building the building when we got here. I understand the workers were hired by the town of Envigado and the mayor's office. The workers continued to build and adapt the locale. Construction has not been finished; the work is still ongoing. Everybody knows this. This building was not built to be a jail but a lodging for sick people. I want to add that not even the security fences, the bars, the doors, or the sentry boxes had been built when we arrived at the jail.

Further on, Escobar is asked: In regard to your private facilities, I mean your cells, please report who arranged them and who brought in the equipment and other items.

Escobar answers: I paid for the curtains and the paintings from my personal account. [Carrillo interrupts his reading to address an unidentified person] This answers one of your previous questions.

With the exception of the cement bed, the furniture was made at the carpenter's shop. It was quite an efficient carpenter's shop and all the prisoners work there.

Escobar adds: The television set, the Betamax video equipment, and the rest of the appliances belong to me. They were already here when I arrived because I had sent them. We had made prior arrangements to this effect as it was known that I would come here. Apparently, my relatives sent these things through my lawyers. I am not sure exactly how it was done. [end recording]

Ecuador

Agriculture Minister Holds News Conference

PA2208223592 Quito Voz de los Andes in Spanish 2300 GMT 20 Aug 92

[News conference by Agriculture Minister Mariano Gonzalez with unidentified reporters in Quito on 20 August—recorded]

[Text] [Gonzalez] I participated in the meeting, during which we examined the decisions made by the EEC commissioners regarding the commercialization of bananas in Europe. I announced on a previous occasion and today I can confirm that Ecuador's position regarding the quota system for participation in the European market is that it is not at all acceptable and would create a number of difficulties, not only for Ecuador but for all banana-producing countries in Latin America. That position was accepted by all of the countries and it has been relayed to the members of the EEC.

We must now approach the EEC countries that support the position held by the Latin American countries so the ministers who must vote on the EEC commissioners' proposal will vote in favor of a free banana commercialization proposal, agreeing, of course, on a tariff system that would be the clearest and most honest way to commercialize our bananas in Europe.

I cannot anticipate what will happen, but you can rest assured that the ministries in charge of efforts surrounding this problem will put forth their best efforts and dedication to preserve Ecuador's most dearly held interests regarding the commercialization of bananas.

[Unidentified reporter] Mr. Minister, (?might there be) a middle ground between the positions presented by the EEC commissioners and the Latin American nations?

[Gonzalez] The ministers thought it would be untimely to examine that question, and it has not been considered. We decided to hold a single position at this time, which is to maintain free commercialization based fundamentally on customs tariffs, if necessary.

[Reporter] [Question indistinct]

[Gonzalez] We foresee a 20-percent tariff.

[Reporter] Mr. Minister, regarding the country's domestic policy, what commercialization policies will you adopt to curb speculation? The Agriculture Ministry is in charge of certain subsecretariats [words indistinct].

[Gonzalez] I am convinced that commercializing products is the best way to control prices. The best mechanism to control prices is to have an adequate supply of agricultural products on the market. There is no police intendance or police-related mechanism capable of controlling price increases. It can be accomplished only by having an adequate supply of food. The government will never refuse or overlook any mechanism that can contribute to adequate price control. I do not believe, however—as the president said in his message to the nation—in political price control.

[Reporter] Continuing with the subject of bananas, what does the Agriculture Ministry think about the proposal presented to the National Congress by some independent producers to create a private organization, the National Banana Institute?

[Gonzalez] There is a national banana program. There is also a problem the media knows about very well: sigatoka. The national banana program must tackle that problem. The proposal that has been made to Congress to create this new organization is being studied. The ministry is concerned about whether such an organization can be a valid alternative for handling the banana problem in the future. If it is, we will study, consider, and support the idea. Nevertheless, we must seek a mechanism that cannot be politicized and that can make it possible for the smallest-scale farmers to profit, because medium- and large-scale farmers somehow control the situation. There is an accumulated lack of coordination and preparedness that we must now take measures to correct.

[Reporter] Producers basically argue that bureaucracy prevents the purchase of products for phytopathogen control even though there is enough money available for that purpose. Their main argument is that there are too many obstacles.

[Gonzalez] I am afraid someone is poorly informed. I can say, however, that there is no money for purchases. There is a shortage of both money and mechanisms for collecting funds to buy products. The picture of a country marching is not clear. It is not clear whether we are marching forward or backward. One thing, however, is clear: As things now stand, we are not marching

forward because of the banana problem. We must take measures to solve the problem.

[Reporter] Mr. Minister, have you met with UPEB [Union of Banana Exporting Countries] in view of the situation with the EEC? Is Ecuador likely to join UPEB?

[Gonzalez] I was asked that question during the meeting in Santa Fe de Bogota. I have talked with a number of people in the banana sector, both producers and exporters. So far, the proposal to join UPEB has not been welcome.

[Reporter] Mr. Minister, what measures would be adopted to solve the problem created by local production versus the surplus in international production?

[Gonzalez] The marketing procedures have been established. No changes have been anticipated to alter the existing price of boxes. The official price will remain steady. There are no plans to raise or lower that price. Banana production in the second semester is decreasing due to sigatoka. The main thrust would be to attack the problem to keep production constant so we can meet international demand.

[Reporter] There is something important, Mr. Minister. [Words indistinct]

[Gonzalez] The subject was discussed with the Colombian agriculture minister. We want the private sectors of the two countries involved in mountain and coastal products to talk with one another. We will call for a number of meetings among rice, potato, corn, and soybean growers so they can all make proposals to the ministries of the two countries and so we can establish a clear policy of opening up the border with Colombia. In addition, meetings between technicians of the Colombian and Ecuadoran Agriculture Ministries will be held to discuss fundamental points of the commercial relations between the two countries. These points include the possibility of price brackets and a study of phytopathogen regulations in the two countries so when the time comes for marketing products, those subjects will have been studied by the two ministries. Those are the steps we have taken. Yet there are many things to study and approve prior to opening the border between the two countries, particularly to basic family basket products.

EC Stance on Banana Imports Criticized

PA2208150892 Quito Voz de los Andes in Spanish 1130 GMT 20 Aug 92

[Text] Ecuador, the world's top banana exporter, has criticized the EC's commercial policy for requesting the opening of markets while restricting the import of that fruit. Mauricio Pinto, Ecuadoran minister of industry and commerce, said it is unbelievable that countries that have been asking Latin America to open its borders are now trying to impose quotas and restrictions on a product that is vital to our countries.

Pinto participated in a meeting in Santa Fe de Bogota of Latin American banana producing countries that ended with a declaration vigorously rejecting a proposal by the EC Technical Commission to limit the import of bananas.

The minister said the meeting was satisfactory because the participants managed to issue a clear joint statement rejecting that proposal, which must be evaluated by the EC Council of Ministers in September.

The declaration by the governments of Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Nicaragua, Panama, and Venezuela urges the Council of Ministers to reject the imposition of quotas on banana imports to that economic bloc.

Countries such as Ecuador, Colombia, and Costa Rica, which depend heavily on the European market, would be adversely affected should that measure be adopted. Placing the fruit in other markets will turn out to be a very difficult task, the official added.

When asked how much their economies could lose should such restrictions be imposed on banana imports, Pinto said it is difficult to estimate, but noted it would be a high figure. Estimates from the Union of Banana Exporting Countries indicate Latin American countries that produce this fruit could lose between $500 and $600 million in 1993 should the quota system be established in the EC.

Free Trade Negotiations Begin With Colombia

PA2208005992 Quito Voz de los Andes in Spanish 1130 GMT 20 Aug 92

[Text] The Governments of Colombia and Ecuador on 19 August decided to begin negotiations for a free trade agreement, an official communique states. Ministers of the two countries met in Santa Fe de Bogota and began to clear the way toward bilateral integration, which will also facilitate Ecuador's participation in the Andean Group.

Juan Manuel Santos, Colombian foreign trade minister, and Mauricio Pinto, Ecuadoran industry, commerce, integration, and fisheries minister, stated that the common goal is to clear all obstacles to a free-trade zone and ensure that it will be in force within a month.

The first part of the meeting identified obstacles standing in the way of bilateral trade pertaining to tariffs, sanitary registries, and technical and ground transportation regulations.

The ministers drafted a work schedule and committed themselves to holding five technical meetings to discuss specific aspects of commercial integration. The meetings will help the integration process, which is experiencing serious difficulties.

Minister Gallardo on Need To Cope With Crisis

PA2108165292 Quito Voz de los Andes in Spanish 1100 GMT 21 Aug 92

[Text] Defense Minister Army General Jose Gallardo Roman has said: We are at war against the economic crisis, which keeps us from solving deficiencies in health, education, housing, and the number of jobs.

Gen. Gallardo spoke at the Armed Forces' change of command ceremony held at the Eloy Alfaro Military Academy and attended by President Sixto Duran-Ballen, Vice President Alberto Dahik, ministers, diplomats, and guests.

Gallardo said the Armed Forces are aware of the crisis the country is experiencing and the immediate need for all Ecuadorans to contribute to the solution of this crisis, bearing in mind that sacrifice, regardless of its scope, can prevent a future economic and social setback that could plunge the country into bloodshed, destruction, and hatred. We all should help defeat the crisis to guarantee a brighter future. Austerity and efficiency constitute the only sure way to achieve this purpose, he said. Now more than ever, our customs should be marked by simplicity and strength, dismissing the influence of consumerism, which harms impoverished societies. Solidarity with the dispossessed is possible only through a sober way of living, he added.

Gallardo also praised the merits of saving because, he said, even economic growth is limited by the paucity of resources and ecological damage. The whole nation must change its way of thinking and adopt a dignified approach without useless squandering. Gallardo said barracks, military academies, and training fields are beehives of work where efforts are made not to waste a single minute or a single cent.

Armed Forces, Police Commanders Take Office

PA2108163892 Quito Voz de los Andes in Spanish 1100 GMT 21 Aug 92

[Text] The new Armed Forces Joint Command officially took office during a colorful ceremony held on 20 August at the Eloy Alfaro Military School. Division General Alfonso Alarcon took over as chief of the Armed Forces Joint Command, Rear Admiral Yazid Jaramillo as Navy commander, and Div. Gen. Carlomagno Andrade as Army commander. Brigadier General William Birkett was ratified as Air Force commander.

The national police change of command is slated for 1000 on 21 August at the Alberto Henriquez Gallo Police Academy. During that ceremony, Gen. Jaime Teran Pavon will take over officially as the national police general commander, replacing Gen. Lenin Vinueza.

Approximately 12 colonels will be promoted to police generals, during the 54th graduation ceremony of police officers. Government Minister Roberto Dunn Barreiro will preside over the ceremony.

Agriculture Minister Announces Appointments

PA2108221992 Quito Voz de los Andes in Spanish 2300 GMT 20 Aug 92

[Text] Mario Gonzalez, the new agriculture and livestock minister in President Sixto Duran-Ballen's administration, announced the names of his close aides during his first meeting with the media. He also reported on his trip to Colombia with Mauricio Pinto Mancheno, industry, commerce, integration and fisheries minister. The primary objective of the visit was to engage in a dialogue with ministers of other nations regarding the banana problem and the opening of borders; that is, the announced free-trade zone between Colombia and Venezuela that will soon begin to operate. Minister Mariano Gonzalez also announced the appointment of several Agriculture and Livestock Ministry officials: Ricardo Davila Espinel, deputy minister of the southern coast, Inland Directorate; Ignacio Perez Arteta, deputy technical administrative minister; Galo Izurieta, deputy minister of the mountain and Amazon regions; Gustavo Amador, deputy marketing minister; Jorge Parra Gonzalez, deputy minister of forests and renewable natural resources; Ramon Del Salto, executive director of PRCA [expansion unknown]; Jorge Chan, executive director of Fundagro [Agricultural-Livestock Development Fund]; Jaime Durango, executive director of (?Proteca); General Juan Araujo Proano, director of [word indistinct]; Saul Mestanza, executive director of INIAP [National Institute of Agricultural-Livestock Research]; Luis Hernan Eguiguren, executive director of (?Predesur); Edmundo Munoz, ministry legal adviser; Carlos Delgado Centeno, press adviser; Javier Holguin, foreign affairs adviser; Ruben Mantilla, National Development Bank general manager; Javier Arosemena Camacho, adviser to the marketing under secretary; Marco Elizalde Icaza, executive director of the national development program; Ricardo Izurieta Mora Bowen, National Development Bank chairman; Jose Vicente Sotomayor Sotomayo, director of the National Cocoa Program; Antenor Aviles, ENAC [National Enterprise for Warehousing and Marketing] general manager; Raul Gomez Amador, minister's private secretary; and Patricia Fierro, human resources director.

* New Ministers, Economist on Country's Future

* Barreiro Seeks Privatization

92SM0549A Quito EL COMERCIO in Spanish 17 Jul 92 p A2

[Interview with Minister of Energy and Mines Andres Barreiro; place and date not given]

[Excerpts] Guayaquil (EL COMERCIO Editorial Staff)—The implementation of systems for privatization and openness to foreign investment in the energy, oil, and mining areas will be a priority for Andres Barreiro, the minister of energy in Sixto Duran Ballen's government.

Barreiro, a businessman without a political background, ex-president of both the Guayaquil Chamber of Commerce and the Ecuadoran Federation of Chambers of Commerce, underscored the importance of restoring confidence to foreign technology and investment, through changes in the oil regulations, for example. He remarked: "Ecuador cannot afford to let 18 oil companies leave the country, with some of them claiming that there is no valid, quick-acting spokesman."

In a dialogue with EL COMERCIO, Andres Barreiro confirmed his view that the Ecuadoran Electric Power Enterprise (Emelec) will remain in the hands of the private sector. It was his opinion that the arbitral award, which set the "fair price" of the enterprise, must be respected, "because its image and respectability in the eyes of the country cannot be jeopardized."

Measures will also be adopted to minimize the effects of the decline in the Paute's water channels. "This problem deserves priority attention, so as to attempt to reduce to a minimum the impact of an electricity restriction hampering the entire country's development," Barreiro said.

Coping With the Low Water Level

[EL COMERCIO] What energy policy will you implement in the Ministry of Energy and Mines?

[Barreiro] I believe that there are two basic features that should be included in an energy policy for Ecuador: First, we must prepare to cope with the electrical emergencies that could hurt the country's development. I am seriously concerned that, although the channel at the Paute Power Plant is rather high, power shortage problems could arise within a short time.

This requires that the government act with enormous diligence to solve that problem by installing thermoelectric plants that will generate power for electrical service, even at a cost that may possibly be higher.

Another essential point to be considered in an energy policy is the need to privatize all phases of the service, generation, transmission, and subtransmission, putting them in the hands of those who can manage this sector efficiently.

This is nothing new: It is already being done in other countries as a step in the state's modernization. Of course, care must be taken to ensure that these changes do not entail any social trauma.

We must also confront some very serious matters: realities such as the fact that Inecel (Ecuadoran Institute of Electrification) owes more than $1.1 billion abroad.

However, to deal with this we must streamline the policies, create a clearly visible legal framework, and permit both foreign investment and national investment.

[EL COMERCIO] Will the electrical rates be changed?

[Barreiro] It is known, for example, that the cost of producing energy is nearly two and a half times the price of the rates. This creates a terrible distortion, because the state has to allocate enormous subsidies to cover those differences. The state could subsidize sectors in which the cost-benefit ratio of the electrical process may not be profitable for the private sector and in which it might be done as a social service.

Legal Changes

[EL COMERCIO] Do you favor privatizing the oil industry?

[Barreiro] In the oil area there are some highly significant changes that must be implemented using this same system of privatizing what can be privatized. There should be no privatization for the sake of privatizing.

In this area there must be a process of openness to foreign investment. I would remind you that more than 18 large oil companies have left the country to render their services in countries where they have been given greater security.

I do not think that Ecuador has the capacity to handle its entire future oil projections through Petroecuador [Ecuadoran State Petroleum Enterprise] alone.

[EL COMERCIO] Will there be changes in the oil legislation pertaining to foreign investment?

[Barreiro] I think that something difficult, but not impossible, to achieve is the restoration of confidence to the foreign investor, and to foreign technology, based on clearly visible rules.

If necessary, changes would have to be made in the oil legislation. A far more detailed study would be required. However, the idea is to privatize all of the sectors in which it can be done and to give the state more control and power. But the aim is to make that state a valid spokesman that will not reject foreign investment, but rather attract it and make it participate in the country's development.

[EL COMERCIO] What action will you take to develop the gas in the Gulf of Guayaquil?

[Barreiro] I have heard that there will soon be a bidding competition for gas exploration in the Gulf of Guayaquil, but I do not think the present government has enough time left to do this. The bidding, as in all other matters, must be done in a context of utmost visibility. That is the strong point of any bidding, particularly if national or foreign private firms will be invited to participate, as well as probable stockholders in gas operations.

[Box, p A2]

[EL COMERCIO] It is claimed that the fields on the peninsula controlled by Petroecuador are not profitable. What policy will you implement in this regard?

[Barreiro] I think that there must be large oil reserves on the Santa Elena Peninsula, because the operations run previously were carried out using antiquated methods, with technology that failed to reach all the reserves.

I believe that, if a good study is made, we might find quite appreciable reserves existing on the peninsula.

A national enterprise has already discovered oil in fragmented areas. There will have to be a serious discussion with it about its diagnosis of the situation. I would remind you that at one time in the East, after many years of investigation by Shell, oil was considered nonexistent, and the company withdrew because it was tired of investing. It had been located in the wrong area. Some time later, reserves were found very close to those areas; so, we shall look at the situation very carefully.

Oil Bidding

[EL COMERCIO] Will you call for bidding for the improved recovery of Shushufindi?

[Barreiro] Yes, unless some cost-benefit study does not authorize it. Do not forget that we have to import gas. We lack our own supply, and therefore, both the gas in the Gulf and that recovered from reserves in Shushufindi, and anything else of this sort, mean major savings in foreign exchange. [passage omitted]

'Ecuador: Mining Country'

[EL COMERCIO] What action will be a priority in the mining area?

[Barreiro] Ecuador is a country with a great mining potential. I am not saying this as a notion, but rather because, for many years, I have had occasion to talk with representatives of countries such as France, England, etc., who have made studies on the subject.

This potential will be used if a rational policy is implemented to attract foreign investment and if the bureaucratic obstacles, which are sometimes created with good intentions, and at other times with bad intentions, to accrue hidden profits, are removed.

* Economist Discusses Future

92SM0549B Quito EL COMERCIO in Spanish
16 Jul 92 p A2

[Interview with Secretary General for Planning Pablo Lucio Paredes by Gonzalo Maldonado Alban; place and date not given]

[Text] Pablo Lucio Paredes, an economist and strong man in the Dahik government team, discussed what the guidelines for economic management will be, starting on 10 August. He revealed that a controlled floating system will be adopted for the exchange rate, that interest rates and the prices of products that are still controlled will be deregulated, and that a process of restructuring the state will be undertaken. The following are the most significant portions of his conversation with EL COMERCIO:

[Maldonado Alban] What are the economic problems that the next government will treat as a priority?

[Paredes] I believe that there are three. The first is the battle against inflation, which requires a strict, consistent monetary policy. The second is all aspects of state reform, including things ranging from new laws to improve the economic environment to privatizations, as well as an improvement in the state's overall management. Third, there is the development of a social policy that is furnished with resources and handled efficiently.

[Maldonado Alban] What policy instruments will be used to attack inflation?

[Paredes] Inflation is persisting in the country because there has been no consistent, controlled economic policy. The monetary and fiscal policies have not been sufficiently coordinated: Each has been aimed in its own direction.

To fight inflation efficiently, a strategy containing four basic elements must be implemented: First, we must generate confidence with a policy that offers credibility through the implementation of consistent measures that prove there is a clear-cut perspective and that there is a goal toward which we are advancing. Second, there must be a restrictive monetary policy. Third, we must implement a fiscal policy that eliminates luxury spending, making it possible to organize the state efficiently. And, fourth, there must be a policy to support production.

[Maldonado Alban] How can a strategy supporting production be arranged if there is a restrictive monetary policy intervening?

[Paredes] That has been the major problem in Ecuador up until now. It has always been thought that the Central Bank, through the monetary policy, is the one that must finance the economy. In other words, instead of generating savings, what was done was to issue money. Now, we want financing to exist for the economy, not generated by the Central Bank, but by savings in the private and public sectors. Obviously, savings in the public sector come from an austere fiscal policy. Savings in the private sector are accrued through greater competition in the financial system, through a capital market that works, through improved social security, through privatization of public enterprises, etc.

The New Measures: Elimination of Controls

[Maldonado Alban] On the subject of savings, how will interest rates be treated?

[Paredes] During the past eight years, interest rates in Ecuador have been more or less uncontrolled. The only major interference that exists is this famous anchor that has been established between active and passive rates. It has proven totally negative and damaging to the economy.

[Maldonado Alban] Will the next government eliminate that margin between active and passive rates?

[Paredes] I consider that anchor useless.

[Maldonado Alban] What treatment will be given to the exchange rate?

[Paredes] Under the present system, in which the exchange rate is managed politically, it is inevitable that overvaluation of the exchange rate will occur because we begin to use it, not as an instrument for external balance, but rather as a device for fighting inflation. During the past four years, besides the fact that increases in the exchange rate have not offset inflation, there has been a very sizable decline in tariffs. This means that at present the real exchange rate is even lower.

[Maldonado Alban] Then is it predictable that the mini-devaluation system will be eliminated?

[Paredes] It is predictable that we shall head toward a flexible system that will make it possible to maintain a ratio between the exchange rate and the rest of the macroeconomic variables.

[Maldonado Alban] What will be done on the revenues side to maintain a sound fiscal policy?

[Paredes] There is at least one front (possibly the main one over the medium term) on which the revenues accrued by the state are totally insufficient. I am referring to tax collection. There is still enormous tax evasion in Ecuador, and nothing has been done about that. And it is not that tax rates need to be increased. Quite the contrary: The taxable base must be expanded. In other words, we must attempt to make more people pay their taxes.

[Maldonado Alban] Didn't the tax reform help to prevent tax evasion?

[Paredes] The tax reform was beneficial in the sense that it allowed for simplification of the tax system. However, nothing has been done yet about collection and control systems. Some improvements have been planned in the Finance Ministry, but they have not yet had any effect on collections.

[Maldonado Alban] Will there be continued control of the prices of certain staple products?

[Paredes] Most of the prices in the economy are not decontrolled, and those that are not show the largest number of distortions and problems. The conclusion is obvious.

Short-Term Planning and Management

[Maldonado Alban] During recent years, the management of the economic policy has been divorced from the goals and objectives proposed in the development plans. How are you going to solve this problem?

[Paredes] Conceptually, this problem should be solved very simply. There should be planning (interpreted from the standpoint of a market economy, and not one of a socialist planning type) of the macroeconomic goals and objectives and, consequently, of the cyclical changes in the different variables. Based on this system, the annual budget, the monetary policy, the financial policy, etc., would be produced automatically. In Ecuador, the opposite has always been done: On the one hand, the monetary and fiscal policies and the budget have been devised, and, on the other, a state plan has been prepared for four years, and an attempt has been made to adapt it to the economic policies.

'The Strategy Is To Reach an Agreement'

[Maldonado Alban] Will the foreign debt continue to be negotiated based on a strategy giving precedence to the country's capacity to pay?

[Paredes] The strategy consists of reaching an agreement, bearing in mind that, at present, this country's internal problems (inflation, lack of growth, concentration of wealth, etc.) are being resolved with the country's internal policies. In other words, the foreign debt situation is neither to blame for all our problems nor will it solve them when an agreement on renegotiation is reached.

[Maldonado Alban] But hasn't a plan already been made to deal with the debt negotiations?

[Paredes] There is a plan, of course, but the intention is merely to reach an agreement that will give the country reasonable and convenient deadlines.

[Maldonado Alban] Will the payment of 30 percent of the interest owed be continued?

[Paredes] That will be revealed at the appropriate time, when the renegotiation strategy is announced.

Management of Social Affairs

[Maldonado Alban] Will any specific social project be implemented during the next administration?

[Paredes] The social sector's problem is very clear: It has very sizable funds (at least 18 formal income sources can be identified, with sums exceeding $300 or $400 million annually), but the administration of the projects has been very poorly handled. The projects spend too much on their administrative systems and lack the proper institutionality that would enable them to manage these undertakings suitably. So, the logic to be used will be that of putting priorities in order and applying them. In Ecuador, there is a fundamental problem of the environment, drinking water, and sewage systems. There is also the housing problem, which is one that should be attacked with a better administrative structure and with more funds. Then there is the nutritional problem and those involving health and education.

[Maldonado Alban] Are there plans to implement policies on income?

[Paredes] If there are subsidies, they will have to meet a threefold condition: They must reach the lowest income sectors; they must have noninflationary financing, and they must be provided with an administrative structure that works.

[Maldonado Alban] With regard to privatizations, what criteria will be used to decide the sale of public enterprises?

[Paredes] In the area of the economy's major sectors (telecommunications, electricity, ports, basic services, social security, oil, etc.), a case by case analysis will have to be made of the feasibility of privatizing, promoting greater competition, or encouraging more participation by private enterprise in certain specific areas of those sectors. And, most importantly, this process must be coordinated with the people in those enterprises and with the society as a whole. In other words, it cannot be a unilateral decision.

'Mediocre'

[Maldonado Alban] How would you describe the economic results inherited from the former government administration?

[Paredes] Mediocre. In the first place, there is the inflation problem, which ranks Ecuador among the five or six countries with the highest inflation rates in Latin America. Second, a very delicate fiscal situation has been inherited. I estimate the fiscal deficit as being at least 5 or 6 percent of the GDP, that is, at about $600 or $700 million. There is also a problem of monetary imbalances: In other words, the growth rate of the monetary aggregates has been 45, 50, or 55 percent annually during recent years. And there is a wage deterioration problem that is quite serious.

[Maldonado Alban] How would you summarize, in one sentence, the economic management intended to be applied after 10 August?

[Paredes] I would say two things: It will have a clear direction and, as a fundamental feature combining all the others, the generation of savings.

* Unemployment Rate Discussed

92SM0549C Quito EL COMERCIO in Spanish
22 Jul 92 p A6

[Text] Alfredo Corral Borrero, an attorney from Cuenca, who is the first minister of labor and human resources in the government that took office on 10 August, favors establishing a policy of equitable labor-management relations.

"The policy of labor justice will be implemented based on full recognition of the workers' rights and fulfillment of all their obligations," he emphasized.

He claimed to have accepted the labor and human resources portfolio "to attempt to implement in it the policy of justice that Sixto Duran Ballen has advocated throughout the electoral campaign."

He added that this justice, as part of the social law constituting labor law, entails a policy of equity in labor-management relations. This equity means full recognition of rights, as well as strict fulfillment of the corresponding duties and obligations that determine labor relations.

He declared that labor is a major factor in production, but it is a complement to capital. There must be a close relationship between these two production factors. Capital must have a social function.

He noted that, based on these considerations, a policy of absolute justice will be implemented in the area of wages as well.

According to Corral: "Wages are life itself to the worker; hence, we must attempt to make wages sufficiently expansive to meet the needs of the worker and his family. Those needs must be met with absolute dignity and respect."

He remarked that, obviously, there are tremendous limitations, such as those of an economic nature, but claimed that, insofar as possible, "we shall implement a wage policy marked by the most absolute fairness."

As for his relations with the trade union organizations, especially the United Workers Front (FUT), Corral emphasized that he is willing to hold dialogue with any person or organization associated with the activities of the ministry that he heads.

"I have the most complete openness toward all of the country's trade and labor union sectors," he stressed.

He also cited one of the most serious socioeconomic problems facing the country, with which the new government wishes to deal openly.

He observed that the country is really suffering very widespread and alarming unemployment and that the government intends to provide new sources of employment. However, he added: "This task is not the responsibiity of the government alone. Rather, we shall appeal to private enterprise, seeking its cooperation, which is absolutely essential for multiplying sources of employment.

"With the creation of new sources of jobs, not only shall we combat unemployment, but we shall also attack many social blights, such as crime, vice, drug addiction, poverty, etc," he claimed.

Summarizing his views, Corral remarked: "With all these basic policies, we shall attempt to establish social justice in Ecuador's labor area."

As for the bill intended to give the National Congress the authority to set wages and salaries of blue and white-collar workers, the minister noted that, in order to give an accurate assessment, the details of the bill must be analyzed. Nevertheless, he expressed the view that what the Conades [National Wage Board] may do is more technical, as is stipulated in the latest and recent amendments to the Labor Code.

Corral did not preclude the immediate possibility of requesting a meeting with the former labor minister, Roberto Gomez, to receive accurate, up-to-date information on the activities carried out by that ministry and on the former regime's labor policy.

* Military Pleased

92SM0549D Quito EL COMERCIO in Spanish 22 Jul 92 p A6

[Excerpt] The appointment of General Jose Gallardo as national defense minister in the new government was received with pleasure in the Armed Forces.

According to the former defense minister, retired General Jorge Feliz Mena, "there is total peace of mind" in the military institution regarding Gen. Gallardo's designation to hold that position in the next government.

Felix Mena remarked: "I have the best opinion of the new defense minister," stressing that Gen. Gallardo (currently an Army commander in chief) "is one of the officers who has had a highly professional career; he is a man of honor and principles."

Yesterday, Minister Jorge Felix visited the Legislative Palace to request that the Congress expedite the passage of the bill creating the Armed Forces Social Security Institute.

He explained that the creation of this institute is a long-standing aspiration of the Armed Forces. They hope that the bill will be approved before the end of the present regular period of congressional sessions.

When asked by reporters about Gen. Gallardo's appointment to the post of defense minister in the new government, Felix Mena underscored the aforementioned officer's professional career. On that basis, he claimed that "this was a good appointment on the part of President-elect Sixto Duran Ballen." [passage omitted]

* Foreign Agenda Discussed

92SM0549E Quito EL COMERCIO in Spanish 19 Jul 92 p A3

[Interview with Minister of Foreign Relations Diego Paredes; place and date not given]

[Excerpts] In an interview with EL COMERCIO and Radio Quito, Diego Paredes, foreign minister in President Sixto Duran Ballen's government, commented on a series of current issues.

Paredes is a career diplomat, who took a break to become involved in Duran Ballen's electoral campaign. [passage omitted]

Issues such as the Andean Pact and the philosophy intended to be implemented in the international area by the Ministry of Foreign Relations were some of the topics included in the conversation. Nor could the dialogue with Peru, initiated by Rodrigo Borja, be omitted. In this regard, he claimed that the arbitration by Pope John Paul II is an important expedient of special significance.

[EL COMERCIO] What will the new government's direction in international policy be?

[Paredes] I would define it in a single word: openness. That will be the main characteristic of the international policy. We shall continue along the line of openness that the former government had. It needs to be intensified, so that we may seek better options for the country's development, for the development of its trade, and for the arrival of national and foreign capital, and so that technology more suited to our economic reality can come to the country.

[EL COMERCIO] Is such continuity feasible?

[Paredes] Look, the country is one, the Ecuadoran people are one, and we understand the requirements very clearly. So, we must persevere along these good lines. We must reinforce those that require reinforcement, in order to make more expeditious progress, and we must correct what needs to be corrected.

[EL COMERCIO] In this context of openness, will the government attempt to establish contacts with other blocs besides the Andean Pact?

[Paredes] Obviously, the Group of Three is very important. It is assuming dynamics of its own in the international realm, and in international economic relations no group can be disregarded, especially this one, which is so important. It is comprised of countries that are very closely linked to our history and with which we have significant relations. Mexico, Venezuela, and Colombia comprise the Group of Three, and the latter two are most closely associated with our history.

[El COMERCIO] What future is in store for the Andean Pact?

[Paredes] The future that our countries prove capable of conceiving and giving to it. I think that the Andean Pact is an important, appropriate system, which needs to be reinforced. And all the countries should lend it all the support necessary to make it a system that will help Ecuador become open to the world, not closing it, but giving us more openness.

[EL COMERCIO] What are the obstacles, and how can they be surmounted?

[Paredes] It is possible to surmount the problems one by one. Nevertheless, what is essential is the political will, the desire to find a clearcut line, and to make progress, always with a precise direction. We must be connected to the world through greater liberty and openness, but with defense of the national interests.

[EL COMERCIO] But Peru and Bolivia are apparently viewing Mercosur [Common Market of the South] favorably....

[Paredes] Each country has its own reality and its own problems, and, without the existence of problems, situations would be very easy to resolve. The problems exist, and it is within the capacity of the governments, political leaders, and rulers to treat them with greater creativity but, in particular, with respect for the situations in each country. We must look toward the future, not in a static manner, but seeking progress to achieve a better future.

[EL COMERCIO] Urgent measures are required. There is a political problem between Peru and Venezuela....

[Paredes] We want the best relations to exist among the three countries. We also hope for the recovery of democracy in Peru as soon as possible.

[EL COMERCIO] Peru might follow the same course as Chile, leaving the pact....

[Paredes] Every situation has its own place and time. One situation was that of Chile when it left; that of Peru, if it should leave, would be different. These are matters based on the sovereign decisions of each country, and we must respect that. The Andean Pact is a good system, and we should take every step to reinforce it and make it contribute to the development of all of our countries.

[EL COMERCIO] Will the dialogue with Peru continue?

[Paredes] It is the desire of architect Duran Ballen's government that the dialogue continue. Now, every dialogue must be creative, and very copious, with many ingredients. No one can claim that dialogue should be subject to particular terms and preestablished guidelines. Dialogue is the activity that typifies human beings and intelligent beings. This is the way for us to understand each other and make progress.

[EL COMERCIO] Is the pope's arbitration accepted by the new government?

[Paredes] The Holy Father's arbitration is a very important expedient, and one of the especially significant paths, given the moral and spiritual authority of His Holiness.

[EL COMERCIO] Mention has been made of the possibility of a meeting between the new president and the pope.

[Paredes] All roads are open, and if all roads lead us to Rome, then we shall have to go to that city.

Foreign Minister Diego Paredes described the visit paid by President Sixto Duran Ballen to Colombia as one of friendship.

[EL COMERCIO] What is the main purpose of the trip to Colombia?

[Paredes] It is everyone's first desire to become familiar with the people, the prominent figures. We know who the Honorable President Gaviria is; we know who the Honorable Madam Minister of Foreign Affairs of Colombia is. But dealing with them personally and having the opportunity and privilege of being their friends is the first step that rulers must take.

[EL COMERCIO] Is it a visit of friendship?

[Paredes] That is so. Friendship makes it possible to open doors. It allows for increased trade and relations; ultimately, it enables our people to be guided along the path of progress.

[EL COMERCIO] Is there a possibility that President Gaviria might visit Ecuador?

[Paredes] Of course. Mr. Gaviria is a friend of Ecuador, and he will be here as many times as necessary. The president of Ecuador also visited Colombia, with the desire to contribute to development and to friendship among peoples. [passage omitted]

[EL COMERCIO] And what about the expectations insofar as the next Congress is concerned?

[Paredes] Sixto Duran Ballen has urged us to achieve consensus so that we may succeed in combining wills, with the desire that all of us together may move the country forward. Moving the country forward is not an endeavor for the government. It is an endeavor for the nation, the people, and all sectors. If the small and the great meet their obligations, the country will move ahead. If we consider this a task for a single sector, the situation will be more difficult. Consensus and dialogue are architect Duran Ballen's ambition, and that has been true of his entire life. [passage omitted]

[EL COMERCIO] How do you view the country's situation?

[Paredes] There are many problems, but Sixto Duran Ballen will to strive persistently and always to speak the truth is also definitive.

[EL COMERCIO] What situation concerns the new government most?

[Paredes] Inflation. The people are in a state of great hunger, with severe anxiety, unrest, and worry. Inflation must be brought under control with a group of intelligent, suitable policies and with the participation of all. We must all participate: the businessman, the worker, the member of the military, the student, the housewife, and the politician. [passage omitted]

[EL COMERCIO] What would your appeal to the society be?

[Paredes] I would tell the people that we are very grateful for the wonderful victory that they managed to seal with their vote. I would tell them to have hope and to realize that the best way of having hope is to have an active hope, in other words, participating in democracy and in individual and collective effort. We must all take part in moving the country forward. Therefore, we expect a constructive opposition that will make us see mistakes in advance, if possible. When the government fulfills its obligation to create an honest, respectable administration, setting an example of work and integrity, and when the opposition fulfills its obligation to be constructive, aiming at the future and at progress, the country will move ahead.

Peru

Decree Issued on Constituent Congress Elections

PA2208200492 Lima Radio Programas del Peru Network in Spanish 1813 GMT 22 Aug 92

[Report by Maritza Lopez from EL PERUANO office in Lima—live]

[Excerpts] At this time, we are in the editorial room of the official daily EL PERUANO, where we have learned a decree governing the elections law for the Democratic Constituent Congress [CCD] has just been issued. The Decree Law is No. 25684 and it is signed by the president of the Republic and the Council of Ministers. The decree law has 147 articles, and it is divided into five chapters.

The first chapter reads as follows: This law is based on the principle that guarantees the free exercise of the people's will for electing the CCD representatives. It also seeks to attain a balance of power.

A chapter on the electoral process follows; another one is on the National Election Board and the activities it will carry out, and another is on the Departmental Election Board. The document then refers to the voting polls, and Chapter 5 refers to the lists of candidates and officials. There are approximately 17 articles on the candidates and about seven articles on the officials. [passage omitted]

Article 2 is very important and reads as follows: The elections for the CCD representatives, called by the National Emergency and Reconstruction Government, will have the following requirements: The CCD will be elected in a single electoral district through a universal, direct, secret, and obligatory vote.

Article 3 says: All Peruvian citizens 18 years of age or older who reside in the country or abroad and are registered in the Peruvian Electoral Registrar, are obliged to vote. Voting is optional for citizens who are aged 60 or older. [passage omitted]

Article 3 also covers an important issue, and it reads as follows: The CCD emanates from the will of the people; it is sovereign and autonomous.

Article 147 says: The CCD is elected by universal, direct suffrage, and it will therefore only have the following goals:

To prepare and approve the new political Constitution of Peru, defining the new structure, nature, and composition of the future Legislative Branch;

To exercise legislative functions with the attributes and powers established by the 1977 political Constitution for the Congress of the Republic and the Legislative Chambers, as soon as applicable.

Finally, we want to tell you what Chapter 3 says about the installation and duration of the CCD:

Article 146: The CCD will be installed on 30 December 1992. Its duration will extend until 28 July 1995.

The last title of this decree law published on 22 August in the official daily EL PERUANO also mentions the referendum. Article 147 says: The new political Constitution as approved by the CCD will be submitted to a referendum for its ratification according to the procedure established by law.

Opposition Rejects Decree

PA2308212492 Madrid EFE in Spanish 1922 GMT 23 Aug 92

[Text] Lima, 23 Aug (EFE)—A decree-law issued by Peruvian President Alberto Fujimori that would govern the election of a Democratic Constituent Congress [DCC] was rejected on 23 August by opposition parties that believe it does not respect the autonomy and sovereignty of that organization.

It is believed the 22 November election of the Democratic Constituent Congress, which is the name bestowed on that body by the government, should restore democracy in the country. Democracy was interrupted by Fujimori's coup d'etat on 5 April.

The decree-law published on 22 August in the official newspaper EL PERUANO specifies Congress' duties and states that it is "sovereign and autonomous" and will have constituent, legislative, and supervisory powers.

It will be unicameral, have 80 members, and its mandate will last until 28 July 1995, when Fujimori completes his presidential term.

Opposition representatives, however, described the decree-law as "contradictory" because while it grants sovereignty and autonomy to the Congress, other articles establish "a number of limitations."

They referred to an article that states that bills presented by the executive branch "on a priority basis" will have

"preference" in the Congress and be promulgated as legislative decrees by the government "if not sanctioned within 30 days."

They criticized an article that states that if a future constitution is rejected twice in referendums—a measure that is also established by the decree—it will be ratified by the executive branch, which will promulgate it.

Raul Diez Canseco, deputy of the center-right Popular Action, said President Fujimori has "no intention" of restoring democracy in Peru and added that the electoral decree-law seeks to establish "a completely constricted Congress."

Diez Canseco added the president "lacks the willingness to hold a dialogue" and "has again disrupted it."

Jorge del Castillo of the center-left American Popular Revolutionary Alliance, who is also a deputy of the legislature that was dissolved by the coup, said the DCC will not help "attain democracy" because it is a mechanism to legalize the dictatorship.

Both legislators are members of the two parties that governed Peru between 1980 and 1990. After expressing their "distrust" of the regime, they decided not to participate in the dialogue called by the government on the DCC.

The dialogue between the government and the largest opposition parties began on 16 August and ended in failure three days later. The failure was prompted by the government's refusal to accept the holding of municipal elections in 1992 as they had been scheduled before the executive postponed them to 29 January 1993.

The government, however, did hold talks with six small political organizations and promised it would respect the agreements reached with them.

Senator Manuel Moreyra of the Solidarity and Democracy Movement participated in the dialogue and said he was disappointed with the law decree, commenting that the government "had broken its word once again."

In statements reported by the media on 23 August, Senator Moreyra also said that the regime "is trying to set a trap with the elections," and if the government's conditions are accepted, "the DCC would not be sovereign."

Moreyra said he "regretted" that the government had decided to promulgate a decree that promotes "confrontation" when the country requires unity and agreement.

Independent Senator Raul Ferrero said the law decree is "contradictory" and "incongruent" and added that it made the DCC "impotent" as far as legislative powers were concerned.

Deputy Lourdes Flores of the conservative Popular Christian Party said: "We are facing a decree that visualizes and refers to a sovereign DCC but legislates for a subordinate congress."

Del Castillo pointed out that the law harms the country because the OAS and the international community expect the balance of power to be reinstated and the decree issued by the government "does not ensure that." With such a situation, he added, we run the risk that the economic isolation that was imposed after the coup will continue.

Fujimori pledged before the OAS General Assembly in the Bahamas in May to call elections for the DCC and to hold dialogues with the opposition on this topic.

Fujimori on Constituent Congress, Referendum

PA2308003792 Lima Radio Programas del Peru Network in Spanish 2324 GMT 22 Aug 92

[Report by Fernando Lino]

[Text] President Alberto Fujimori has confirmed that all agreements reached by the Democratic Constituent Congress [CCD] will be submitted to a referendum. The president said the people will make the final decision as to what path the country will follow from now on. As for the referendum, he said it will be held once the new political Constitution is approved. The president said that if the people do not ratify the new Constitution in the first referendum, he will ask the CCD to revise the Constitution, which will then be submitted to a second referendum. Let us listen to what Fujimori said:

[Begin recording] [Fujimori] We have already agreed on the rules for the elections. We have basically resorted to previous electoral laws. For example, the requirements are the same with the exception of a small change in the minimum age. We are demanding a minimum age of 30 years, therefore many young people will be able to participate in these elections. [sentence as heard] We already know it will be a unicameral congress with 80 members. As for the registration of new groups, we have also resorted to previous laws. We have not wanted to make major changes, which means 100,000 signatures will be needed for their registration.

[Unidentified reporter] Will reelection be possible?

[Fujimori] One of the articles states that immediate reelection will not be possible. In that regard we have included certain concessions. We are not going to be talking about two consecutive elections, but a single election.

[Reporter] What happens if the CCD decides to change the regulations? Would the government respect that decision?

[Fujimori] The important thing is that the new Constitutions and the agreements that are reached will be submitted to a referendum. It will be the people who will decide on the rules. We have tried to include the public opinion view in these laws.

[Reporter] [Words indistinct]

[Fujimori] No, not on the referendum, but it would immediately take place once the Constitution is approved. If the people ratify the Constitution in this referendum, we would ask for a constitutional reform and we would submit it to a second referendum. [end recording]

Those were the statements made by President Alberto Fujimori after visiting some settlements in Santa Anita District. When commenting on Decree 25684 which calls for CCD elections, the president said the decree basically includes previous electoral laws.

The president handed out clothes to poor residents at the settlements.

Fujimori Suspends 24 Aug Agenda Due to Accident

PA2408014492 Lima Radio Programas del Peru Network in Spanish 0051 GMT 24 Aug 92

[Text] President Alberto Fujimori has suspended his activities in San Vicente de Canete, Imperial, and Unaguana after a traffic accident involving a group of reporters accompanying the official delegation. The accident took place at km 124 of the Pan-American south highway.

The president seemed quite dismayed when he arrived at the Health Ministry hospital in Canete to visit the injured reporters, and he briefly addressed people who were near the hospital.

[Begin Fujimori recording] I will not be able to be with you on this occasion because this tragedy has affected me. My photographer was killed in an accident on km 124 of the highway. A presidential palace employee was also killed in the incident, and two other people who were seriously injured have been transferred to Lima. Therefore, I am in mourning. I regret very much that I cannot continue today's activities. [end recording]

We can report that on the afternoon of 23 August the body of reporter Eva Castro Rivera was transferred to Lima following an autopsy. Also sent to Lima were two injured men identified as Gerardo Arcadio Guzman Huertas and Leon Domingo Guzman.

Opposition Parties Demand Resignation of Cabinet

PA2108201692 Paris AFP in Spanish 1657 GMT 21 Aug 92

[Text] Lima, 21 Aug (AFP)—While the government prepared to call elections for the Constituent Congress, the political situation in Peru became more difficult on 21 August after the opposition political parties issued a public statement calling for the cabinet's resignation.

The groups feel that Prime Minister Oscar de la Puente was contradicted by President Alberto Fujimori in the recent political dialogue to the point that this caused the dialogue to fail, according to Alberto Borea, president of the dissolved Senate. "The chief of the cabinet now lacks the authority to make any decision," he pointed out.

Ten opposition political parties issued a communique "alerting the country to the difficult situation that the government seeks to worsen." They urged "a mobilization for a Constituent Assembly that will allow calling general elections and fully reestablishing democratic life."

The opposition groups pointed out certain factors that "are appropriate to a government that is opposed to any reasonable exchange of points of view," of which "the democratic opposition has defended the legitimate interests of the country for a prompt return to democracy."

The document adds that "the dialogue has been severed because of the personal and directly stubborn attitude of Fujimori, who makes it very evident that he plans to remain in power illegally."

Hernando de Soto, former presidential adviser and director of the Liberty and Democracy Institute, made a statement to the media and alerted Fujimori to the risk "of an enormous lack of prestige" if he tries to remain in power until 1995 without any (political) control.

"He would be considered as one who took us (with the self-inflicted coup last 5 April) on an adventure without a purpose, making us believe he was seeking democracy," De Soto told DEBATE, a magazine published every two months.

De Soto pointed out that with this attitude, "not only will he have wasted a new opportunity to change a country that is urgently demanding change, but this will also open a Pandora's box of 1,000 speculations."

According to De Soto, Fujimori now has the opportunity to become "one of the greatest Latin American revolutionaries in the most modern sense of the word," if before the end of 1992 he establishes clear political rules and a democracy with deep popular roots in addition to allowing everything to develop normally until the end of his term in 1995.

De Soto does not think the political parties have any room to maneuver. "The (poor) reaction of the people to the coup is not an opinion against democracy but against the establishment that manages democracy," he pointed out.

In the meantime, while his enemies urge him "to consult the people as soon as possible about his role," Fujimori has said he trusts the 22 November elections for the Democratic Constituent Congress will strengthen a "new national majority," referring to the independents who are rising outside the political parties.

President Says Contraband To Be Used by State

PA2308160692 Lima Global de Television Network in Spanish 0100 GMT 23 Aug 92

[Text] President Alberto Fujimori on the evening of 22 August inspected the Ecasa [Rice Marketing Enterprise] warehouse, in Santa Anita, where large amounts of contraband goods, totaling $10 million, are stored. Accompanied by Sunat [National Superintendency for Tax Administration] Chief (Carmen Jigaona), the president noted actions have been stepped up to counter contraband operations, which average $50 million a month.

All of the contraband merchandise stored at Ecasa, which was seized by the National Customs Superintendency, will be sent to shelters, hospitals, and charity institutions, and the rest will be auctioned. President Fujimori made the announcement during the inspection. Among the merchandise that illegaly entered the country are musical equipment, televisions, bicycles, electronic games, and automobile spare parts. In his remarks to the the media, Fujimori indicated the Sunat's revenues are up.

[Begin Fujimori recording] A good job is being done. The seized merchandise will be put to use. For example, the bicycles, the television sets, or the computers will be sent to children's shelters and school centers to be put to better use. As for clothing, it will be sent to hospitals and shantytowns. Part of the machinery will be sold. [end recording]

Fujimori Visits Shantytown, Promises Land

PA2308165092 Lima Global de Television Network in Spanish 0100 GMT 23 Aug 92

[Text] President Alberto Fujimori maintains his contacts with Lima's shantytowns. Today, 22 August, he visited the Tupac Amaru region in Ate-Vitarte. At that site, which is located amid the Puruchuco ruins, he promised he would expedite procedures to divide the land into lots and to build a school. He also donated clothing to area residents.

A retinue, comprising 13 Japanese tourists who this morning donated medicine to the (Poyique) Hospital as private citizens, accompanied the president to the Tupac Amaru settlement. As expected, the area's 1,400 residents gave him a warm welcome. At the end of the visit, Fujimori and his sister Juana Fujimori handed out clothing donated by the Japanese Government. Although the National Culture Institute considers the area to be untransferable, the president, in an improvised speech, pledged to build a school and expedite the procedures at the Lima Municipality to divide the land into lots.

Shares of State Enterprises For Sale on Market

PA2308140592 Lima Global de Television Network in Spanish 0100 GMT 22 Aug 92

[Report by Betsy Sanchez in Lima]

[Text] The sale of the state's shares in Sol Gas, Inc. was a complete success on 21 August. The operation lasted several hours at the Lima stock market, for an amount in excess of 9 million soles, and the biggest buyer was Argos, Inc.

The largest operation on record at the stock market was preceded by four and a half hours of negotiations and 38 offers, and resulted in the sale of 84.1 percent of Sol Gas, Inc. shares. Argos, Inc. purchased 692,920 shares out of 693,420 shares for sale. The remaining 500 shares were purchased by Auno, Inc.

The fierce bidding surpassed the nominal value of each share by 50 percent: initially set at 8.12 soles and finally sold for 13.48 soles. This resulted in a sale of 9,347,301 soles for the state.

[Begin recording] [Sol Gas Chairman Luis Hidalgo] I would say the expectations for a good price are always on the minds of those who assume responsibility for defending, excuse me, for selling the state's shares. You must always bear in mind the starting price does not always represent the basic price or the price one hopes to get. The starting price simply represents the price with which the bids begin. Nevertheless, the price we got is evidently a good price.

[Reporter] According to the regulations, what will happen to the 500 shares that were not sold?

[Hidalgo] They will be sold to whoever offered the highest price.

[Energy and Mines Minister Jaime Yoshiyama] Since the stock market method is totally clear, without subterfuge, we will continue to use this method for all the privatization process.

[Reporter] What will...

[Yoshiyama, interrupting] Logically, we also will use the public auction method as we did today with Petroperu's gas stations, which were sold for an excellent price, too.

[Reporter] What will be the next state-owned enterprise to be auctioned off here on the stock market?

[Yoshiyama] I think it will be the second group of Pacific Chemical Company shares. We will likewise auction off [name indistinct] and Transoceanic Company, which is used to transport oil, and others that... [pauses] we will continue with this method for Minpeco [Peruvian State Mineral Marketing Company] and others whose names I do not remember.

[Reporter] Which ones are being considered for the public auction method?

[Yoshiyama] The decision on each company actually depends on what chairmen of the privatization committees tell us. I cannot readily mention them all but I would like the whole country to know that, first of all, the privatization continues; second, we think we will continue with the method being used because it is honest; and, above all—to quote President Fujimori—we are doing this because we want funds for use on other projects, including medical centers, colleges, and roads. This is what the country needs. [end recording]

Cooperatives' Account Holders Demand Payments

PA2308154492 Lima Global de Television Network in Spanish 0100 GMT 22 Aug 92

[Text] [Reporter] Savings account holders of the liquidated (Bancoop), Regional del Centro, and San Carlos Cooperatives on 21 August gathered at France Square and marched down Garcilaso de la Vega Avenue. The goal was to reach the Government Palace to convey a document to the president explaining their situation and complaining about their being neglected.

[Unidentified demonstrator] Sir, no money has yet been returned to us. We see the criminals walking the streets freely and the authorities have done nothing to return the money that was swindled from us.

[Reporter] The police started to disperse the marchers in the vicinity of block five on Tacna Avenue. A few clashes occurred a little farther down that avenue. Despite police efforts, however, a group of demonstrators managed to reach the area of the parade square behind the Lima Municipality, where they clashed with the police again.

Attacks Against Police Posts 'Subversive'

PA2308192192 Paris AFP in Spanish 1741 GMT 23 Aug 92

[Text] Lima, 23 Aug (AFP)—A total of 23 persons were killed and 10 wounded as a result of subversive attacks against police posts in the central jungle region of Peru on 22 August, a spokesperson for the Mantaro Political and Military Command, headquartered in Huancayo (eastern region), reported on 23 August.

Meanwhile, the government extended the state of emergency in provinces of five departments in central and southeastern Peru for 60 days to facilitate "counterinsurgency operations" in those regions, according to supreme decrees published on 23 August in the official gazette EL PERUANO. The extension of the emergency measures affects provinces of the Departments of Junin and Pasco (central), Ayacucho, Huancavelica, and Puno (southeast).

In an attack against the military base of La Merced, Province of Chanchamayo, five soldiers were wounded seriously. In another attack on the Santa Ana police base, three policemen were killed and five wounded, according to preliminary reports. It is not known if there were casualties in yet another clash in Puente Capelo.

At least 20 subversives were killed in clashes in La Merced and Santa Ana, according to the source. The towns attacked are located in the Department of Junin (east). In another attack staged on 21 August an armed group damaged two tractors with explosives on the Huancayo-Jauja (Junin) road, which were being used to repair the central highway.

These attacks are added to the killing of Police Sergeant Bernabe Zevallos, who was gunned down by four Shining Path members on 22 August. The rebels surprised Zevallos, who was off duty and was working as an inspector at a brick factory in Huachipa, 15 km east of Lima.

On 22 August another subversive group killed Leonidas Alvarez, independent candidate for mayor of the Lima district of Chaclacayo and leader of the Virgen de Fatima shantytown. After killing him they detonated a stick of dynamite over his body, according to witnesses.

In both cases, the rebels claimed credit for the attacks in leaflets they left at the site of the attacks, in which they also shouted long live the "popular war" and condemned the urban patrols carried out by the self-defense bodies, which were created by the townspeople to defend themselves from the Shining Path, according to the police.

Venezuela

President Perez Announces New Austerity Measures

PA2408012892 Caracas Venezolana de Television Network in Spanish 2302 GMT 23 Aug 92

[Speech by President Carlos Andres Perez from the Miraflores Palace in Caracas—live]

[Text] Venezuelans: I address you this evening on the eve of important talks that will begin next week in Congress. Congress will discuss important decisions regarding Venezuela's future. This is an indispensable continuation of the modernization process and the improvements being made to important institutions, government finances, and the financial and banking system we all share. They are also decisions that, like decisions made in the past, involve sacrifices and additional contributions on everyone's part—citizens, businessmen, and government personnel—to ensure the operation of the state and the appropriate management of the property and assets the government handles. Delays in implementing this part of the plan that calls for changes has had a negative and harmful impact on the economy and has produced the fiscal problems we are experiencing today. We have gone a long way down the path toward modernization in Venezuela. We have completed a large part of our agenda. This is not the time to recount all that we have done and achieved, but it is our duty to point out certain things.

Since the beginning of this constitutional period we have solved the crisis of foreign payments that we inherited in

1989. We opened the economy to international commerce, which has allowed Venezuelans to have more and better goods while the world is buying more and more Venezuelan products. We reestablished the country's foreign credit, which has allowed us to implement development plans and attract productive investments. We reestablished the economic guarantees set forth in the Constitution and created laws so those freedoms could not be abused by monopolies, speculation, and disloyal competition. We gave government spending a new orientation with a deep social feeling. We privatized enterprises, eliminated indirect and indiscriminate subsidies, and closed and reorganized institutions to make room for the real social welfare programs aimed at our society's most vulnerable groups, which had been a main concern of my government.

We are meeting the needs of 5 million children with the school meal programs, the milk and cereal bonds, the school supplies bonds, and the mother-child program. We have extended our plan to cover preschool children, we have opened day care centers and multifamily homes. We are constantly creating and expanding our economic relief programs as well as our programs to finance microenterprises. We have encouraged the cooperative sector and other institutions for the people's economic betterment.

These changes were not promises for the future; they are achievements. The economy is growing, unemployment is decreasing, and the people's purchasing power is improving. We are by no means saying, however, that we are not facing serious social problems. The growth we have experienced has not completely brought us back from the depths to which we had dropped during the eighties. Economic openness, localized social programs, decentralization, privatization, and the expansion of democracy are the goals that guide our actions.

But those are lengthy processes. It will take much longer than a term in office to attain our goals. But once those goals are supported by the people, they will be continued because that is what the people want. Democracy will guarantee that it will be done. Beyond our political differences, the Venezuelan people support this plan.

I have always been honest with the people; I have never kept the problems we are facing from them. Keeping problems from the people would be the same as keeping the real solutions from them. It would be the same as letting the situation get worse and leaving the problems for another government to solve. That would cause problems for the nation. Sometimes the problems are insurmountable or very costly to solve, such as the situation we are currently experiencing.

It is my duty to face with courage the tremendous task of adopting difficult decisions in an emerging democracy with such a complex political situation. The fact that the political system is willing to accept these challenges proves that, despite the harsh criticisms, the political organizations are capable of dealing with problems. When these turbulent times are over, the people will recognize and honor those who assumed the responsibility of adopting or supporting the difficult decisions evaded by those who protected themselves with diatribe and opportunistic criticism, selling impossible dreams and easy solutions. The legislative program being discussed in Congress represents a decisive step along the road we must travel, and its implementation cannot be delayed.

The program includes indispensable laws to put public finances on a sound basis, to modernize the financial system, and to strengthen the Venezuelan Central Bank, giving it full autonomy as a key institution in fighting inflation and recovering the stability of our currency. I urge legislators and citizens to reflect so we may understand that this is the only way to build a financially viable state that has stable revenues generated by our own activities and efforts to fulfill the increasing needs of our population. We will thus truly begin to guarantee our fiscal independence from oil and develop the authentic groundwork for a future free from inflation.

In addition, we have submitted to Congress reforms to current laws that will allow a better and more rational use of public credit by adapting it to our true capability to pay. The reforms will also organize the process for approving individual debts in order to prevent the overwhelming indebtedness that contributed so much to weakening our economy. The modernization of our financial system is the other important step. By opening our banks to foreign investments we will introduce new elements for a competition that will favor those who use their services and the community as a whole. It will also include better supervisory systems and stricter demands for solvency and liquidity.

The other laws will be the most controversial, but they are absolutely essential. The absence of these laws has been the main reason for the critical problems that have always afflicted our national economy and the people's views about our problems and their solutions. I am talking about the new taxes, which unavoidably represent sacrifices in the short term. Nevertheless, it is fortunate that many Venezuelans are now convinced these measures are unavoidable and necessary. The squandering and the fantasies about our oil have caused enough damage. In the end we had to accept that, although oil is an incomparable source of wealth that guarantees our progress and welfare, we cannot depend on it to strengthen and stabilize our development plans. Moreover, we cannot continue to consider it as an inexhaustible source of wealth that exonerates citizens from their duty to pay the taxes all nations require as the basic source of their economic sovereignty and as an essential source of resources so the country can provide public services and essential infrastructures for their production systems.

Furthermore, we wish to create and strengthen the public spirit to make each and every citizen a more conscientious individual who will understand that what today we

call government properties are really his and that he must take care of them and promote them. That way we will put an end to that vicious circle of not paying taxes because the government squanders them; then the public services are not good because the users, the people, are not paying their taxes, thus there is no money to build and maintain those services. The need for new taxes is not based on the government's desire to spend more. On the contrary, we are committed and today we strongly commit ourselves again to curbing government spending. The new taxes are needed to solve the financial problems that began with the collapse of the oil industry's ability to pay taxes. We had irresponsibly put the full burden of our taxes on that industry. As it had to happen eventually, the oil industry can no longer continue to contribute to the national finances as generously as it had in the past.

In 1991 Venezuelan Petroleum [Petroven] paid $10.5 billion in taxes; that figure has dropped to a little more than $7 billion in 1992. We are preparing to receive little more than $6.5 billion in 1993. I repeat, we are not talking about spending more; we are not spending more. Viewed in bolivares, the budget seems to be higher. But just as with the family budget, more bolivares does not mean we are buying more because with inflation whatever we buy is more expensive.

These true and verifiable statements do not mean that there is no squandering. We know there is squandering. If in the past the abundant resources allowed the practice of corruption to exist, at the current time such a practice is neither affordable nor tolerable. We cannot allow money to be squandered when it is so desperately needed. From the very beginning my government has been worried about squandering and the corruption that follows. We undertook an ambitious program to reorganize government institutions and privatize enterprises that were a burden to the state. Those programs will continue and, in the medium term, Venezuela will be able to enjoy more efficient and reliable public services. The fiscal problem we are facing is serious and structural. It is not a specific problem of 1992 or 1993. It is a problem that will be recurrent as long as the in- depth measures we are proposing are not adopted. We either adopt the taxes we are proposing or end up with a terrible and uncontrollable problem: inflation.

The government is not asking for these new taxes so it can spend more. On the contrary, once we have covered the legal obligations, we will, in real terms, be spending 20 percent less in 1993. It would not be fair or acceptable to ask for contributions from the people without making serious cuts in government spending. That is what the political parties and the people claim, and it was strongly upheld by COPEI, the Social Christian Party, in its discussions with Democratic Action to learn more about these laws. Those two parties have the most representatives in Congress. Today, in light of the important decisions Congress must make in its discussion and approval of the laws of which I have spoken, the government's commitments have become more obligatory in order to erase doubts about the honest and proper management of these resources.

I am going to announce a group of austerity measures to be implemented by the government. These measures will guarantee to Congress, the political parties, and the people that the legislative measures that will be approved will be used to ensure to Venezuelans that they will be compensated for the sacrifices we ask them to make today with a better quality of life, improved public services, and a return to an environment of monetary stability, thus eradicating the pernicious scourge of inflation.

I hereby order a freeze on government jobs.

I have ordered the Central Personnel Office to freeze the register for job assignments and abolish those positions that are currently vacant. They will disappear from the 1993 budget. We have asked the Comptrollership General of the Republic to guarantee strict compliance with this order. The measure itself should result in the elimination of 14,000 posts in the state bureaucracy without involving the dismissal of personnel. We will remove early retirements from the 1993 payroll and we will cancel their retirement benefits. We will drastically eliminate appropriations for the appointment of substitutes in the Health, Social Welfare, and Education Ministries.

We will complete the process to reorganize agencies within the Agriculture and Livestock Ministry, including IAN [National Agrarian Institute], ICA [Institute of Agricultural Credit], the Agriculture and Livestock Credit Fund, and the National Racetracks Institute. This will represent a net reduction of approximately 15,000 posts and will allow us to liberate budget resources so they may be assigned to programs that strengthen the agricultural sector.

No payment for public administration employees and workers may be done through third parties, only directly to the beneficiary. Thus we will eliminate an illegal and corrupt system of blank payrolls established at the Social Security Institute. I have instructed the social security reorganization board—which has shown important results concerning revenues, solutions, expense control, and the fight against corruption—to step up the personnel reduction process which will result in the necessary savings so services can be improved.

Salary and wage expenses in the public administration sector will be frozen at the level of pledges assumed in 1992. No additional pledges will be assumed concerning payments. All work permits are revoked, except those justified for medical reasons, and a program will be implemented to verify medical certificates. It is necessary to remember that forgery of these certificates is a crime against the state. Compliance with these instructions will be enforced strictly, and ministers have instructions to report these frauds in court.

I will ask the National Congress, the Supreme Electoral Council, the Judiciary Council, the Comptrollership

General, the Prosecutor General's Office, and other autonomous agencies to send the Central Personnel Office a list of their employees so the information may be verified to identify people who have two jobs with overlapping schedules. I have instructed Petroven to reduce its payroll and operations budget by 25 billion bolivares effective 1 January 1993. I have instructed the education minister to provide the National University Council with norms for the preparation of the 1993 budget, including a system that specifies academic, research, and post-graduate areas. Expenses in the academic area must be justified in terms of the number of registered students and required teachers. Research expenses will be justified with specific plans.

We urge the Congress, state governorates, legislative assemblies, mayors, and municipal councils to implement the same policies.

I have instructed the interior minister to reduce within the next 15 days the program for the protection of prominent individuals to its lowest possible level within the requirements for their security. Only the Interior Ministry will be allowed to offer that protection service, and the other ministries or government institutions currently doing so must stop providing the service immediately. Once the previous measures have been complied with, the Interior Ministry will publicly announce the number of police officials who have been appointed to public security posts, and it will send the comptroller general the list of individuals who receive protection, indicating the number of officials assigned to each one.

I have instructed all government agencies to eliminate vehicle rentals within a term that should not exceed one month. When necessary to extend the deadline, only the president of the Republic may approve such an extension by an authorization that will be published in the official newspaper. In compliance with these instructions, an inventory will be prepared listing state-owned planes put up for sale. The minister of the presidency will publish in the newspapers a list of planes we have decided to sell, including their respective identification letters, and their sale will be carried out based on an international bid system. The use of all the planes included in the list is immediately suspended, and the agencies that possess the planes are instructed to make sure they are kept in good condition until they are delivered to their new owners.

The purchase of new weapons systems is forbidden. The Armed Forces must use all of the available budget to maintain the existent systems and to equip its personnel properly. The whole infrastructure budget will be used to complete the works already under way and to equip existing installations. Emphasis will be placed on improving the water and highway systems, as well as schools and outpatient clinics. No new projects will be undertaken for the remainder of my term in office.

I will appoint a high presidential commissioner to supervise the implementation of this austerity program. I will give the commissioner the fullest authority to request from the president of the Republic the instructions he must issue as administrator of public finances to correct deviations from or noncompliance with the austerity program and to dismiss officials who fail to fulfill the program. I have made changes within the board of directors of the CVG [Venezuelan Corporation of Guayana] and expanded their authority to strengthen the decisions made by that institution. When I swear in the new CVG board of directors on 24 August, I will issue precise instructions for them to proceed with the privatization of Alcasa [expansion unknown] and the Sidor [Orinoco Iron and Steel Works] pipe and pile plant, and for the new steel and aluminum enterprises to be developed by the local and foreign private sector. The monies received from these privatizations will be used to finance the Delta Hydroelectric project.

I have instructed the Petroven president to implement a plan by which the ambitious investment programs of its petrochemical affiliate company, Pequiven [Petrochemical Company of Venezuela], will be carried out without help from Petroven. Pequiven's 1992-97 period calls for the investment of $7.6 billion. To ensure its investment plans, Pequiven must go public. Shares in Pequiven and all its affiliate enterprises will be placed on the world's major stock markets. Likewise, I have authorized Pequiven to sanction the creation of petrochemical enterprises without its participation as a shareholder.

I have instructed the Venezuelan Investment Fund to publish the schedule for privatization to be followed in 1992 and 1993 in the agriculture, tourism, transportation, electric, mining, steel, and financial sectors. I also have requested the strong support of all the institutions participating in that process. Congressional support will be necessary to make amendments to the privatization law and obtain the necessary authorization.

The amendments to the public finance law state that autonomous institutions and foundations may not be indebted. The law also eliminates ordinary contracts and drastically cuts back on guarantees, even to government enterprises. In accordance with the philosophy that guides the new public finance law, my government will present the plan for new public credit operations for the Congress to have a full view of the plans and properly evaluate its appropriateness. No more isolated requests for public credits not included in that overall plan will be presented.

I pledge that no less than 75 percent of the revenues resulting from the new taxes will be destined for investment programs for potable water, roads, personal security services, improvements in the quality of education and health, and to maintain social programs. Congress will guarantee that this pledge is fulfilled. I ask the state governors to use the additional revenues they will receive as a result of these new taxes in the same manner.

I hereby decree a reorganization of the Finance Ministry. Its organic regulations will be modified to ensure that the

ministry is capable of improving the current tax collection system and managing the new revenues. Its administrative system is being reorganized for that purpose. Work is being carried out with the Inter-American Development Bank and the Inter-American Center for Tax Management to speed up this process. Petroven will provide the necessary support to modernize the ministry's computer systems, which are necessary to control revenues. Thus we will guarantee that new taxes are collected as efficiently as possible, while simultaneously improving the current income tax collection system and creating a system for the effective collection of general sales taxes and capital assets taxes.

We have started the reorganization of our customs system, which has become an essential instrument of our new trade policy, and its administrators have been appointed based on merit. I have issued orders to invite the private sector to participate in this reorganization and in the controls to oversee its operations. Compliance with all the instructions I have issued should be reported publicly by the mentioned agencies during the first half of September.

I have received a report on the budget situation for 1993. I have seen that the plan presented to Congress by my government is not feasible. Once the impact of the austerity measures I have just announced has been defined, and once the new taxes have been defined, I will submit to Congress a budget in accordance with the new situation. Ministers and chairmen or directors of autonomous agencies who fail to implement or obey these instructions will be dismissed, just like any other official in my administration. Internal revenue, customs, and public security officials who carry out transactions with local and foreign citizens must carry the necessary identification to prevent abuses.

Despite its full agenda, Congress has strived to fulfill its task of analyzing and discussing the laws that the executive branch has submitted for its consideration. It has cooperated with tenacity and dedication, thoroughly analyzing topics, and we have found the appropriate way to conduct a constructive dialogue. I am sure it will be consistent in its task, and activities will continue without interruption until they are completed in a matter of weeks.

Venezuelans, we are paving the way along the difficult road, fraught with obstacles, that lies ahead. I assure you there is no other, easier, or firmer way to achieve prosperity. If such a way existed, what reason would I have not to choose it? At this point in my life and political career, there is nothing I would like more than to put Venezuela on a level with the most developed and modern nations on earth, to provide for my fellow citizens' welfare, and to eradicate all sins and mistakes so that my people no longer are afflicted by need and suffering. That is why we cannot let this process be stopped by a fiscal crisis that will lead us to hyperinflation and to social and personal deterioration. We cannot commit the sin of leaving Venezuela in the Third World forever.

The program I announce has a purpose. A decrease in oil revenues should not result in the most unfair, regressive, and threatening tax ever decreed in the country, meaning hyperinflation. That phenomenon of weak economies does not worry those who have the necessary resources, but the poor people, the middle class, and all those who earn a salary or wage are defenseless against it.

We will gain nothing by imposing new taxes unless we adopt drastic austerity measures like those I have announced. They will guarantee that the new income is not squandered by the bureaucracy or used to maintain lifestyles in the public sector that the country no longer wants or can afford.

Public officials must guarantee clear and efficient behavior in that regard. This is the moment for Venezuelan society to take a great cultural leap. Ostentation must yield to moderation, excesses to prudence, sumptuous spending to saving, extended bureaucracy to efficiency, and permissive or corrupt practices to decency and virtue.

These are difficult measures. There is resistance to them in the public and private sectors, the labor unions, and the syndicates, but there is no other way. On the eve of the 21st century, this situation puts us in a position to enter the group of prosperous countries. We must catch up with that group, and running with them will require more discipline, work, productivity, and imagination. It also will require a fairer and more efficient distribution of income.

It is not necessary to point out that all Latin America countries pursuing these same goals are undertaking the same programs and are suffering exactly the same difficulties and hardships as we are.

I am sure that all our leaders, in all fields of the national life, will face this challenge with courage and will not deny our children the pride of inheriting a modern country, a country that grows along with the stronger currents of world development. Let us get to work, fellow Venezuelans.

Briefs AD, COPEI

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[Text] On 23 August President Carlos Andres Perez will announce his government's measures to reduce public spending and organize the 1993 national budget, which are directed at effectively controlling inflation. During a meeting on 21 August at the presidential residence, the president briefed Democratic Action [AD] and Social Christian Party [COPEI] leaders on the plan. Perez hopes to receive support at the Congress from the two majority parties for the new tax package.

During the meeting, which took place at the residence instead of the Miraflores Presidential Palace, President Perez gave the two parties a complete explanation of the measures to be taken to reduce government spending and fight inflation.

After the meeting, COPEI spokesperson Haydee Castillo said that her party will present the government's plan to its National Committee. She warned, however, that COPEI will not support any new taxes unless there is clear resolve and specific action by the Executive Branch to reduce public spending and improve the collection of existing taxes. It was reported that COPEI will support a sales tax if the tax is applied to wholesale dealers and not to consumers.

[Begin Castillo recording] We want to hear the announcement and see it implemented. If this occurs, then we will examine what we have already presented: forceful measures to collect existing taxes. We do not believe the government is capable of collecting a new general sales tax. We do believe, though, that a tax on wholesale goods could be studied, because that is what the Treasury Ministry is able to collect at this time. [end recording]

Carmelo Lauria was the AD spokesperson. He said his party was satisfied with the president's briefing, as it believes that such spending cuts and income enhancements would fight the budget deficit. Lauria believes the Congress will support the measures because they directly effect inflation.

[Begin Lauria recording] Regarding the president's explanation of the measures he will take to organize public spending and cut spending, the AD understands that these are healthy measures that the country needs in its search for a balanced budget and reduced inflation, which we should all work for. [end recording]

Moments before the high-level meeting at the presidential residence, Deputy Rafael Tudela said it is essential that these new taxes do not effect the products that make up the people's daily diet or provide their basic public services. Deputy Tudela met with the president to learn of the economic measures the government plans to implement shortly. He said all the tax measures are on the right track, so his party will study them. It is expected that the party will support them at the Chamber of Deputies.

[Begin Tudela recording in progress] ...in as much as we study them and agree with them. The fiscal deficit must be reduced somehow; be it through spending cuts or new taxes. We must realize that the price of oil this year is not very good, and the country cannot get itself into a gigantic debt situation without suffering the consequences. [end recording]

Rafael Tudela stressed that the best way to solve the fiscal problem is by way of serious measures that will also contribute to reducing the inflation rate. This will prevent the working classes from seeing their buying power reduced even more. The deputy said that the tax package that is finally approved must be as fair as possible, so it least effects the more needy working class. The government must also commit itself to reducing public spending.